THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

June 7, 1941

How F.D.R.'s Speech and Proclamation Were Received in the Far East

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By John Ahlers

VOLUME 97 PRICE 80 CENTS (in China) NUMBER 1

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

BRITISH WEAKNESSES

To the Editor:

Our reverses in Libya are the result of a grave error of strategy. When we failed to push on to Tripoli and stop the gap, we missed the bus. Our enemies have landed troops and mechanized equipment at Tripoli and all our gains have gone aglimmering. The capture of 2,000 soldiers and three generals by a cyclist detachment has sent a shiver through the Empire. It recalls a remark made about the Bourbons, that they never learned anything and never forgot anything.

The success of the Germans on land is due to their superior strategy, mechanized equipment and the physical fitness of their troops. The shock troops, that smashed up Jugoslavia in five days shun tobacco and alcohol. This is something to be contemplated by those dear souls who think that the main thing in war is to keep the soldiers well supplied with smokes. Battles are won by bombs, bullets and tough soldiers who have lived a life of selfdenial, not by sox, cigarettes and the pampered and physically unfit who glut the clearing stations and lines of retreat. The waste of materials and effort in war is appalling. Susie knits sox for soldiers, and it would be more to the point if Susie planted potatoes instead.

The Empire is in need of a moth-proof, hole-proof, and fool-proof plan of campaign which will stand up against the exigencies of economic and military warfare. It fell to the lot of Winston Churchill to chase John Bull out of a funk-hole where he had been for 25 years. And, considering that they started rearmament from scratch, they are putting up a fight that astonishes the world.

The British Commonwealth is menaced by fascist devils, nazi devils, red devils, yellow devils and Devilera. The latter is an avowed enemy and makes no bones about it. It is high time that any part of the Empire, which enjoys the advantages while refusing to share the responsibility, be shown where it gets off.

F. E. BURNHAM
Brigadier-General

Halcyon Hot Springs,
Arrow Lakes, B.C.,
April 27, 1941

U.S. AND WAR

To the Editor:

Under the leadership of President Woodrow Wilson, America entered the first world war and fought the fight for democracy when her national safety was menaced.

Today that safety is menaced as never before and there seems to be no alternative but for America to fight the Axis powers which seek to enslave all peoples.

President Roosevelt declared that America is ready again to fight for democracy. It is my opinion that the Axis will be defeated, but it should be remembered that Japan is the weakest link in the Axis chain. Japan has only her navy left with which to fight the democracies, for her army is tied up in China.

MU WEN-FU

Chungking,
May 19, 1941

PRICE OF RICE

To the Editor:

Why does the Council have to charge over Sh.$100.00 for a picul of rice when it can be purchased in Hongkong for HK.$12.00 retail? This is equal to about Sh.$48.00 per picul retail. There must be a difference of about 10 per cent between the wholesale and the retail price. Freight should not be more than Sh.$4.80 per picul. If the cost of rice to the Council is approximately Sh.$50.00 per picul why does the Council sell it for over Sh.$100.00 per picul retail?

R.

Shanghai,
May 29, 1941

EXTRALITY

To the Editor:

Secretary Hull's statement that American Extrality Rights will be relinquished "when peace is restored" was a welcome declaration. The Nanking people have been saying much about the cancellation of extraterritorial rights, but a surrender of such rights now would only amount to handing Shanghai over to the puppets and gangsters. I notice that the Japanese have ceased talking about surrendering their extrality rights and thus far I have not heard of any move on the part of the Japanese to surrender any of their concessions anywhere. Surrender of extrality now would only be handing Shanghai over to No. 76 Jessfield Road.

SENSIBLE

Shanghai, June 1, 1941

SLEEPS BETTER

To the Editor:

One hears planes droning all hours of the day and night and these are American planes, not Japs, a welcome change. Recently I counted 48 planes in two squadrons of 24 planes each, maneuvering over the city. Manila is hot but better than Shanghai under present circumstances.

T.F.M.

Manila, P. I. May 28, 1941

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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'MAGIC NIGHT' PARTY

To the Editor

Will you kindly publish the following financial report of the "Magic Night" party sponsored by The American Workroom for the benefit of the British Red Cross:—

Receipts	$27,390.48
Expenditures	6,414.30
Net proceeds	$20,976.18

A check for $10,000.00 has been donated today to the Central British War Fund.

Inasmuch as The American Workroom purchases all bandage materials, the remaining funds will be added to our Treasury to assist us in continuing our monthly contributions to the British Red Cross.

THE AMERICAN WORKROOM

Shanghai, May 31, 1941

American Community Marks Memorial Day

A brief but impressive 30-minute Memorial Day service was observed by the American community in Shanghai at the Bubbling Well Cemetery on May 30 at 8.30 in the morning.

The ceremony was presided over by Mr. Frank P. Lockhart, American Consul-General in Shanghai, and was opened with an invocation by Bishop Ralph Ward. The Memorial Day address was given by Regimental Chaplain H. R. Trump of the U. S. Fourth Marines, who eulogized American soldiers and sailors for giving their lives for their country far from their homes and loved ones.

Mr. R. J. McMullen, president of the American Association and member of the Shanghai Municipal Council, then gave the benediction, which was followed by volleys fired by the Fourth Marines.

AMERICAN STOCK AND COMMODITY QUOTATIONS

June 4, 1941

STOCKS

Amer. Locomotive	12½
Amer. Waterworks	4¼
Anaconda Copper	26¼
Bethlehem Steel	71½
Chrysler	55¾
Elec. Bond & Sh.	2⅛
Gen. Motors	37⅜
Goodyear T. & R.	10¼
Gt. Nthrn. Rly., pfd.	25⅞
Lockheed Aircraft	23¾
Mont. Ward	34⅜
N. Y. Central	12⅛
Texas Corp	39⅜
U. S. Steel	54⅛

COMMODITIES

New York Cotton, July	13.23/23
New York Rubber, July	21.80/80
New York Hides, Sept.	14.72B/73A
Chicago Wheat July	97⅞/97¾
Chicago Corn, July	73⅝/73⅝
New York Sugar, No. 4, July	0.80B/81A

B—Bid. A—Asked.

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NATIONAL CITY BANK OF NEW YORK EXCHANGE RATES

Shanghai Rate of Exchange, during May 31—June 5, 1941

	Fri.	Sat.	Mon.	Tue.	Wed.	Thur.
Demand Selling rate on N.Y. ... ... U.S.$1.	Holiday	=Sh.$18.60	=Sh.$18.82	=Sh.$18.82	=Sh.$18.82	=Sh.$18.60
Demand Buying rate on N.Y. ... ... U.S.$1.		=Sh.$18.18	=Sh.$18.39	=Sh.$18.39	=Sh.$18.39	=Sh.$18.18
Demand Selling rate on London ... £1-0-0		=Sh.$73.14	=Sh.$73.85	=Sh.$73.85	=Sh.$73.85	=Sh.$73.14
Demand Buying rate on London ... £1-0-0		=Sh.$71.11	=Sh.$71.77	=Sh.$71.77	=Sh.$71.11	=Sh.$71.11

HONGKONG & SHANGHAI BANKING CORPORATION

Selling rate during May 31—June 5, 1941

Shanghai $100. equals Yen	Holiday	22⅜	22⅜	22⅛	22⅜	22⅜
Shanghai $100. equals Guilders		10	10	9⅞	10	10
Shanghai $100. equals Rupees		18⅜	18⅜	18⅛	18⅛	18⅛
Shanghai $100. equals Pesos		10⅜	10⅜	10⅛	10⅜	10⅜
Shanghai $100. equals Hongkong $		22	22	21⅞	21⅞	21⅞

THE CHINA WEEKLY REVIEW
密勒氏評論報

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HOW ROOSEVELT'S SPEECH WAS RECEIVED IN THE FAR EAST

IT has been both interesting and instructive to observe Far Eastern reactions to President Roosevelt's "fireside chat" in which, on Tuesday of last week, the Chief Executive announced his proclamation of an "unlimited national emergency," thus, as many believe, bringing the American nation an appreciable step nearer to participation in the European war as an active belligerent on the side of the fighting democracies.

Sheafs of comment, much of it of a bellicose nature, emanated from the Japanese press, but spokesmen for the Japanese government maintained an unaccustomed reserve considering the momentousness of the newest declaration of American policy. According to a *Transocean* (Nazi) dispatch from Tokyo, Mr. Roosevelt's speech occasioned "neither sensation nor surprise," and Japan's Foreign Minister, Yosuke Matsuoka, according to the same source, refused to comment, stating that he saw "no necessity for doing so."

Despite this pretense of indifference, *Transocean* reported on May 29 that Premier Prince Konoye had called a meeting of his cabinet to consider the effect of the Roosevelt speech on the general situation. This meeting, said the agency, was also attended by the "advisers to the Japanese Government"—presumably the Nazis who now infest every branch of Dai Nippon's government administration. Premier Konoye, up to this writing, has maintained a singular silence regarding the Roosevelt utterances, although they have drawn comment from leading statesmen in every other important country.

It remained for the Japanese press to give vent to the true feelings of the Japanese ruling class. Here one observed a curious compound of bluster and complacence. While according to *Domei* the *Nichi-Nichi* chain contented themselves with remarking that the President had taken the United States "one step nearer to war in the Atlantic," the *Hochi*, most vociferous of the pro-Axis Tokyo papers, pounced on the President's reference to continued aid to China and declared: "Now that the United States has dared to reveal clearly its enmity against Japan, the United States must record the fact that Japan now finds herself in a position in which she is compelled to take all effective measures to cope with hostile threats."

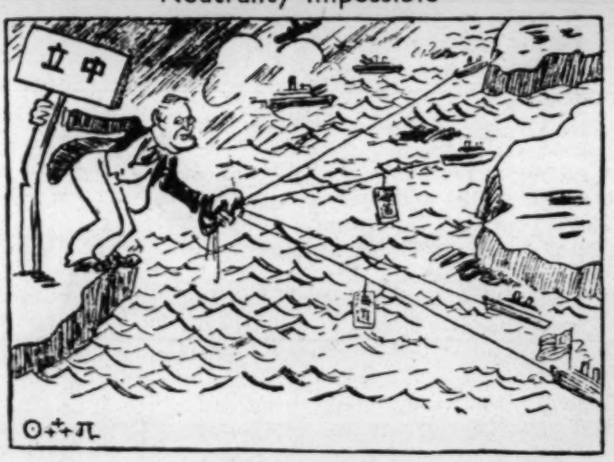
The *Kokumin* asserted that Japan could not look on with folded arms when the United States has revealed its identity as an enemy of the projected "prosperity sphere" in the Far East, while the *Chugai Shogyo Shimpo* likened the President to "a man raving about a distant fire which is not in the least endangering his own house"—the reference being, of course, to the war conflagration in Europe.

According to the Shanghai *Mainichi*, the President's speech foreshadowed repeal of the Neutrality Act, but the President himself has denied that this in contemplation at the present time.

The local puppet press also had its say. The *Kuo Min Hsin Wen* called Roosevelt's speech "platitudinous and insipid," and said it was the American plan to enter the war only when Britain had collapsed, so that the United States might inherit Britain's world domination.

Official puppet circles in Nanking, according to *Domei*, said that American promises of aid to China, as enunciated by President Roosevelt, would only mean delaying "China's emancipation" and that the emergency proclamation would only serve to "increase current world disorder." It was America's ambition, they said, to turn East Asia into an "American colony." But in any case, the American program of aid to China would be nullified by Japan's blockade of the China coast.

Neutrality Impossible



Central China Daily News—Nanking

"Roosevelt can't remain neutral any more with American ships everywhere." The signboard is labeled "Neutrality."

The reactions in Free China to the President's speech were variously interpreted, depending upon the reportorial source. Thus *Domei*, reporting the matter rather circuitously from New York on May 28, said Chungking newspapers were disappointed in the speech because of the brevity of its reference to China. And the local *Tairiku Shimpo*, Japanese army organ, said that Roosevelt's clear indication that Britain will receive the first fruits of America's stepped-up arms production, and Chungking only the "left-overs," had come as a "staggering blow to Chiang-controlled China."

A *Havas* report from the Chinese capital, however, gave an entirely different picture of the situation. According to this source, Chinese political observers in Chungking were "thrilled" by Roosevelt's speech, which they believed would determine "the shape of things to come" not only in America, but in Europe and the Far East. The speech reflected, they were credited with saying, the President's deep concern over developments in China and the Pacific, while the renewed assurance that the supply of war materials to China would be increased had "added to the confidence and courage of the Chinese people."

Chinese gratification was borne out in a statement by Dr. Wang Chung-hui, Chungking foreign minister, who in a prepared statement said:

"President Roosevelt's far-sighted grasp of the whole world situation was revealed in his reaffirmation of America's policy of defending Democracy and maintaining the freedom of the seas.

"The Chinese people are particularly gratified that the part China is playing in resisting Japanese aggression is receiving due recognition in the United States.

"We know we owe a debt of gratitude to the American people for their moral and material support and we are confident that the President's proclamation of an unlimited national emergency will result not only in strengthening America's national defense but also in giving ever-increasing aid to all the nations fighting for self-preservation and independence.

"America and China have common aims.

"We Chinese are defending the very principles and ideals which are so dear to the heart of every American.

"We appreciate the significance of the President's observation that China's magnificent defense will increase in strength.

"China is faced with the choice of freedom or slavery. We have fought for almost four years to uphold freedom and we will continue to carry on our war of resistance until the final victory is attained.

"The Chinese people share President Roosevelt's conviction that Democracy and Justice will ultimately triumph."

The *National Herald*, leading Chinese newspaper, expressed appreciation of the President's recognition of the value of Chinese resistance to Japanese aggression and urged the United States to increase its economic pressure against Japan. The *Shun Pao* also welcomed the President's speech as a clear indication that America is now determined and prepared to accept "any challenge to war that may be flung by the totalitarian powers." Germany, Italy and Japan, the paper declared, are not prepared to wage war with the United States, for had they wanted to do so, they could long ago have invoked the Tripartite Pact on the pretext that American aid to Britain and China constituted an act of war. "The fact that they have not declared war on the United States shows that they are either afraid of the colossal strength of the United States or else not yet prepared for war with this pillar of democracy."

A dissenting note came from the *Hsin Hwa Jih Pao*, Chungking Communist organ, which saw the United States henceforth paying major attention to the Battle of the Atlantic and probably "slighting" the Pacific situation since the President "made no reference to Japan and did not attack her." The paper also predicted a rigorous suppression of strikes and democratic liberties in the United States as a result of the President's emergency powers.

The fact that the President made no reference in his speech to Japan was interpreted in some quarters as an indication that America might attempt to appease Japan in order to be free for action against Hitler, because of a belief that civil opinion might gain ascendancy over the military clique in Japan and thus pave the way for a reasonable solution of Pacific problems.

It is understandable that the President should not have gone out of his way to stir up Japanese feeling in face of the great Nazi menace. A reasonable settlement with Japan would be possible—if Japan were prepared to be reasonable. In any case, American policy with regard to the Far East has been stated so clearly and frequently that there was no need for the President to reiterate it. Those who tried to read into the President's omission of any reference to Japan an indication of some form of appeasement, had their illusions on this score shattered when Secretary of State Cordell Hull stated on May 30 that there had been no change in American policy as regards Japan.

This, however, does not exhaust the question. A *Domei* report from New York on May 29 referred to Washington reports published by the *New York Times* and the *New York Herald-Tribune* which allegedly quoted statements by Congressional leaders who attended the White House conference prior to the "fireside chat." They were reported to have said that the President purposely omitted reference to Japan "because he had decided to adopt a new policy of conciliation in order to release a large part of the U.S. Navy from the Pacific."

On top of this, *Domei* reported on May 31 that Senator George W. Norris, Independent from Nebraska, had suggested that the Administration give serious consideration to shifting the main body of the U.S. Fleet from the Pacific to the Atlantic. "We should decide which is our most dangerous enemy, Germany or Japan, and use the Fleet accordingly," he was reported as saying,

ABC—the Bulwark of the Far East—*Chungking Cartoon*

adding that in any case the U.S. should keep at least a protective force within striking distance of the Far East.

United Press, apparently reporting the same interview, made no mention of any proposal by the Senator for withdrawal of any part of the Fleet from the Pacific. On the contrary, he was credited with saying that the danger of a Japanese attack on the United States "is greater than people realize" and that this attack would come "whenever a decision has been taken by Tokyo and the Japanese believe they can win." He did urge the United States to consider which was its greatest potential enemy—Germany or Japan—but added that a strong "protective force" should be maintained in the Pacific at any cost.

Japan undoubtedly would like to see a large part of the U.S. Fleet withdrawn from the Pacific, but despite *Domei* her leaders realize that this is a dim prospect, to put it mildly. Captain Hideo Hiraide, member of the Press Section of the Japanese Navy Ministry, announced in a radio speech that if the U.S. should enter the European war Japan would be vitally affected, and she was prepared for any eventuality. In addition to 200 warships in patrol duty along the China coast, he said, Japan has 300 warships and 4,000 warplanes at her naval bases in the western Pacific, "ready to take action at a moment's notice."

Talk and rumor of possible American appeasement of Japan led Walter Lippmann, noted American columnist,

to declare in his syndicated article on May 31 that the United States is now in a position "to turn toward Japan with the object of making impossible a Pacific war which would be ruinous to the United States because of the Atlantic situation." He stated that war in the Pacific could be averted "by resolute action and a candid recognition of America's and Japan's vital interests."

"Having made our military dispositions so that we are able to check any Japanese intervention in the World War, having reached the necessary strategical agreements with Britain, Australia, the Netherlands East Indies and China, and having taken firm control of all our many

New Torch of Liberty

Times-Picayune, New Orleans

means of economic warfare, we should open up the prospect of serious negotiations in the Far East based upon an honorable peace in the China war, on a new Japanese commercial agreement with us and with the Netherlands East Indies, and on a political settlement, which would include Soviet Russia, based upon liquidation of all imperialism in China—Japanese, British and American," Mr. Lippmann wrote.

"If the response from Japan is favorable we should of our own free will have righted the wrong done Japanese pride by placing her immigration upon a quota basis. Since Japan shows no signs of wishing to start such a costly war just to please Herr Hitler, there is reason to hope the effort can succeed."

Meanwhile, a new source of discord in U.S.-Japanese relations is the decision of the U.S. Government to extend the export control system to the Philippines by means of an export licensing system. This step has aroused the ire of the Japanese press, although not specifically directed against Japan. The purpose of the step, very evidently, is to reserve to the United States such vital supplies as hemp and copper and iron, all of which are produced in the islands. Last year Japan took all of the P.I. copper and iron exports, more than 60 percent of the refined copper exports and more than 27 percent of the Manila hemp exports. If these exports are diverted to the United States, Japan will undoubtedly suffer, for the Philippine production is more vital to Japan than to the U.S. Shipments to Japan of the commodities in question are already reported to have been held up and the Japanese are clearly worried.

Offsetting the effect of this move on U.S.-Japanese relations, officials of the Export Control Board in Washington have declared that the Administration is not at present contemplating any change in present regulations governing exports of vital defense materials to Japan, including petroleum. Nevertheless a bill is pending before Congress, known as the Weiss Bill, which seeks to place a complete embargo on the export of oil products to Japan. As far as is known, the measure does not have Administration backing and is not, therefore, likely to be passed.

Even if U.S.-Japanese relations continue on a relatively peaceful basis for some time to come, America is continuing to take steps looking toward the eventuality of war in the Pacific. The latest is the enactment by the California legislature of the "Dilworth spy bill" requiring identification passes for commercial fishermen and providing for the revocation of the fishing permit of anyone approaching within 500 yards of a government vessel. The State Governor declared that the law was aimed directly at Japanese fishermen who had been operating boats close to battleships, cruisers and other government ships in southern California waters. The Bill was strongly supported by the Navy Department.

REACTIONS ABROAD

PRESIDENT Roosevelt's May 27 fireside chat, in which he declared an unlimited national emergency, insisted that American supplies must reach Britain, and pledged full aid to China, evoked enthusiastic response from Allied capitals and criticism from the Axis powers.

London hailed President Roosevelt's latest speech as a virtual declaration of war and emphasized the "dictatorial" powers taken by the chief executive. At the same time, the *London Evening News* focussed attention on the problem now facing the German Government. The newspaper declared: "Herr Hitler knows that if he does not halt the flow of arms across the ocean to Britain his doom and his end is certain, but Herr Hitler was told that he interferes with the stream of guns, planes and tanks at his peril—a peril that one shot may set the full force of America into motion against Germany."

Comment made on the speech in Berlin was surprisingly mild. The fireside chat was termed "unsensational and not new." Authorized German sources stated that the President used unconvincing arguments and superflous words to trump up a bogus Nazi threat to the Western Hemisphere. In answer to Roosevelt's challenge to Germany over freedom of the seas, Nazi quarters called attention to Admiral Raeder's recent warning that American ships transporting supplies to Britain would be torpedoed. They further stated that the President's concept of freedom of the seas is merely "freedom to send war materials to England."

Rome reports of the speech were more inflammatory than those emanating from Germany. Gayda charged Roosevelt with virtually declaring war and disguising America's aggressive aims by insinuating that necessity existed for defense against alleged possibilities of an attack by the Axis powers.

President Roosevelt's speech was frontpaged by the entire Madrid press, though the papers themselves refrained from making any comments of their own. The press generally termed the speech as stating American interests and aims which were already well known.

Favorable reaction came from Latin-American countries and Canada, according to Secretary of State Cordell Hull. Official reaction in Mexico was one of renewed support of the policy of solidarity in the Western Hemihere and renewed endorsement of the thesis to which

Mexico has pledged herself—that Democracy must combat the threat of Totalitarianism.

Canadian approval was voiced by Mr. William Lyons Mackenzie King, Canadian Prime Minister. He declared that Mr. Roosevelt's speech left Germany "to draw her own conclusions" as to what would happen if any forcible attempt was made to prevent shipment of American food and munitions to Britain.

Lisbon papers, although commenting favorably on the speech in general, resented references to the Portuguese-owned Azores and Cape Verde Islands. The paper *Avoz* declared that Germany has never threatened the sovereignty of Portugal over these islands and would not be in a position to attack them because of her weak navy.

Congressional circles in Washington received the speech with varied feelings. Representative Melvin Maas, Republican from Massachusetts, declared that "the President's speech means war." Representative Hamilton Fish, New York Republican, charged "it is a typical Rooseveltian speech to promote further war hysteria."

Congressional leaders mostly praised the Presidential address, however, describing it as "a very strong statement of the basic philosophy of the administration."

Foreign Protest Causes Temporary Gambling Closure

The Nanking Government was forced to order the closure of its protected gambling houses in the Shanghai "badlands" this week as a direct result of the threatened resignations of several leading foreign members of the recently formed West Shanghai Area Special Police Force. While reports could not be verified it was said that two high foreign members of the new police force, A. G. Tilton and J. E. P. Blenkinsop, had applied for their old positions occupied in the Shanghai Municipal Police Department, prior to the organization of the special Sino-foreign force in the western suburban area.

When it became known that the foreigners contemplated resignation, C. C. Pan, Chinese Police Commissioner and head of the force in the western area, hurried to Nanking and reported the situation to Wang Ching-wei, head of the Government, and also to the Japanese military headquarters, which exercises supervision over the Nanking regime as well as the so-called "badlands" area at Shanghai.

Since the resignation of the foreigners would cause the Chinese Municipality as well as the Nanking Government to lose face, Nanking finally ordered Commissioner Pan to close the gambling joints. As a result of Pan's trip to Nanking, it became known that certain foreign members of the new police set-up had made serious charges, backed by indisputable evidence, showing that the new West Shanghai Area Special Police Force had little or no actual power, but that real authority in the district was centered in the person of one Woo Su Pau, a Nanking political agent, who functions at the notorious gangster hang-out at No. 76 Jessfield Road. It was disclosed that Woo, who is an ex-chauffeur, once employed by Stirling Fessenden, former Commissioner-General of the International Settlement, has become not only the controller of gambling houses, but also dominates the widespread racketeering enterprises which flourish in the Japanese-controlled area.

It was alleged that the breaking point came when the bureau which controls the gambling houses attempted to subsidize the entire Chinese city police force by handing over to them a large sum of money, which had been collected from the proprietors of the gambling resorts. When the foreign police officials heard of the action, they allegedly decided to immediately withdraw from the force for fear of becoming involved in the scandal. It was alleged that the entire scandalous situation prevailing in the badlands area was exposed in a letter which certain foreign police officials submitted to the authorities of the International Settlement.

An example of the Mayor's loss of prestige was provided on Champion's Day at the recent spring races when Woo Su Pao, head of No. 76, accompanied by fifty armed bodyguards, turned up at the members private grandstand, with complimentary tickets which had been issued to the Mayor.

C. C. Pan, Commissioner of the new Western Shanghai Special Joint Police Force, who says he intends to close all gambling houses.

It was alleged that the foreign police officials had pointed out in their letter that there was little hope of establishing a genuine police establishment in the areas bordering the foreign settlements so long as gambling dens, narcotic joints and racketeering gangs, all having official sanction of the Nanking Government and fighting for existence and constantly expanding their activities, and all obtaining their money by doubtful methods from doubtful sources, continued to function in the area. It was alleged that approximately half of the new police force received no regular pay, but had to depend for existence upon "contributions" handed out by the gambling houses and other racketeering enterprises.

The extent of the racketeering was indicated when it was disclosed that Farren's, the German night club and gambling house was paying No. 76 no less than 75% of its takings. The sums paid over to the Nanking political headquarters by the other gambling houses was not disclosed, but probably was not so large.

A further unknown element in the administration of the badlands area is the extent of control exercised by the Japanese and the amount of their "takings" from the revenues derived from gambling and racketeering. The extent of Japanese authority was indicated recently when the Japanese Gendarmes intervened and released three Chinese prisoners who had been arrested by the Chinese authorities. The entire area, of course, is under the jurisdiction of the Japanese Army.

Whether or not all badlands gambling joints had been closed, could not be determined when these paragraphs were written. Three of the leading Chinese houses, China Club, Union Club, Six Nation Club, were closed early on the morning of May 31, but two other houses, Farrens, on Great Western Road and Eventail, on Yu Yuen Road, remained open, allegedly in defiance of closure orders. There was an amusing element in connection with the closure of the three large Chinese resorts, when they attempted to evade the closure order by reopening in a new location, known as the "Nine Dragon Den," at 452 Ave. Haig, previously occupied by a foreign night club known as Del Monte. Beginning on the early morning of May 31, after the closure order had been announced, the premises at Del Monte became a "hive of industry" as hundreds of Chinese carpenters swarmed over the premises in an attempt to remodel it for gambling purposes by June 2. It was reported, however, that Commissioner Pan insisted on the closure of the new place as well as Farren's and Eventail.

Of special interest in connection with the closure order was a report in the *Tokyo Asahi*, leading Japanese newspaper, on June 2, stating that the most effective way of strengthening the Nanking regime "would be to remove China's old and established ills such as gambling, opium-smoking and unhygienic living." The editorial in the *Asahi* said that while Japan's "cooperation" with the Nanking Government was mainly in the "economic sphere," the Japanese should press the Wang Ching-wei regime to introduce reforms in the lives of the people connected with the regime. Special interest in the *Asahi's* declaration was aroused by the admission that the New Life Movement initiated by Gen. Chiang Kai-shek, had achieved much good "by invigorating the younger generation in New China and thereby providing the previous Nanking Government with an efficient and desirable personnel." The article in the Tokyo paper was the first indication of dissatisfaction on the part of the Japanese with the personnel of the Nanking set-up.

Two Former Shanghai Residents View Hitler's "New Order" in Poland

DEMAREE Bess, former resident of Shanghai and Peiping and well known in the Far East as correspondent for *Christian Science Monitor* for several years, has written an article on present conditions in Poland under Nazi control which has attracted widespread attention. The article appeared in April 5 *Saturday Evening Post*, most widely circulated American magazine, which Mr. Bess now serves as European correspondent. Mr. Bess is a nephew of the Rev. Dr. John Lyon Caughey, until recently pastor of Community Church.

Viewed "New Order"

Mr. and Mrs. Demaree Bess, former residents of Shanghai and Peiping, describe present day conditions in Poland where Hitler gives the first indication of the meaning of the "New Order."

Mr. Bess was accompanied on many of his trips, which included England, France, Italy, Finland, Switzerland, Austria, Czechoslovakia, Germany, Holland, Denmark, Norway, Sweden and Poland, by Mrs. Bess, who also is well known in China and Japan as former correspondent for *Detroit News*.

In a foreword it was explained that while Mr. Bess toured German occupied Poland without supervision or censorship of his copy, it should be realized that "circumstances of war censor all news," meaning that in conquered country only the conquerors are permitted to speak freely to reporters. Despite this, however, Mr. Bess's article contains a remarkable expose of German methods in handling conquered peoples and makes an amazing disclosure of Nazi plans for the future organization of Europe under the so-called "New Order".

Mr. Bess explained that he had last visited Poland in 1938 prior to the Nazi action in dividing the German portion of Poland into two separate entities, one primarily for Germans; another for Poles and Jews. Actually the Germans have set aside an area of some 60,000 square miles in Central Poland which, in Mr. Bess's opinion, resembles some of the earlier Indian reservations in the United States. The area is a sort of vast concentration place for uprooted peoples from other parts of Poland which have been set aside, apparently for German colonization. Mr. Bess declared that this area, now populated by so many uprooted people, "provides more heart-rending human drama than any of the European countries which I have visited since the downfall of France. This is a land in which the lives of almost all the inhabitants have been turned upside down by the two revolutionary governments of Nazi Germany and Soviet Russia."

Mr. Bess explained that 18 months ago this territory supported a population of fewer than 9,000,000, of which no fewer than 2,000,000 disappeared during and since the Polish war, having died, or become refugees in foreign countries, or became prisoners in Germany and Russia. Nevertheless, the territory's population has increased until it numbers almost 13,000,000 today. The newly arrived 6,000,000 represents (excepting China's migration—Ed.) what is probably the greatest migration in modern times. These homeless people have crowded Warsaw, Cracow, Lublin and Radom and all towns and villages between. Most of the people are penniless, regardless of their state of wealth two years ago. They have lost their lands, their homes, their jobs and their fixed places in communities which their families had held for generation or possibly centuries. Although they have found refuge within their own country, they may properly be described as emigrees. The Germans at first had no fixed idea as to how they would deal with either the Poles or the Jews. There was some early talk of a separate Jewish republic but the plan never got beyond paper. The Nazis also had some idea about creating a puppet Polish state, but that also was not put into practice. Thus the enormous reservation containing Poles and Jews is ruled almost entirely by a German Government in which Poles hold only the most inconsequential posts. The country is controlled by the German Army exclusively and is kept in order (or disorder) by the Gestapo or or political police.

Some inkling of what the Nazis have in mind when they talk of the "New Order" is shown here in their creation of three sharply-defined and distinct communities—German, Polish and Jewish. The German community is composed of the special privileged ruling caste. Its members hold strictly aloof from the Polish and Jewish communities and all social relationships are officially discouraged. In each city special hotels, restaurants and even shops are reserved for Germans. All railway stations have their separate waiting rooms for Germans and they have separate cars for Germans on all trains. The Germans do permit their people to use the same trams as are used by the Poles, but not the Jews. But while the Poles may use same trams as are used by the Germans, only Germans may use the front door.

While the entire "reservation" provides the best example of the "New Order," in a large area, Warsaw provides the best idea of what the Germans have in mind in the creation of a "New Order" city. Warsaw, from Mr. Bess' description, went through the throes of war somewhat in the fashion of Shanghai in the Sino-Japanese struggle. Before the war, Warsaw had 1,250,000 people. During the siege when more than a third of the city's buildings were destroyed, more than 1,000,000 fled, but despite this, Warsaw today has 1,500,000 people, the increase being made up of emigres from other parts of the Polish republic. Mr. Bess said he had seen many emigre colonies, particularly in those countries where 1,000,000 wanderers from the Bolshevist revolution found refuge, but the emigre colony in Warsaw was unique. Shanghai, with its Chinese city, French Concession and International Settlement, might resemble present day Warsaw, if there was no communication between the three sections. The unfortunate people of Warsaw, most of whom have been dispossessed, move about against an appropriate background of bombed ruins and crumbling churches. With Polish industry and commercial life completely dislocated, the problems before the community appear insuperable.

Despite Nazi boasts of prosperity everwhere in German dominated regions, Mr. Bess declared that there are more impoverished people in Warsaw than in any other city of Europe, with hundreds of thousands of men, women and children being fed by charity. German attempts to apply in Poland their own system of rationing apparently have failed. German administrators agreed there was a serious shortage of fats and

meat, and milk for children. However, Polish leaders declared there had been no interfence with the distribution of food and clothing donated from the United States, but these supplies had practically dried up because of the British blockade and difficulties of transport on the Continent.

Somewhere in England—or Poland

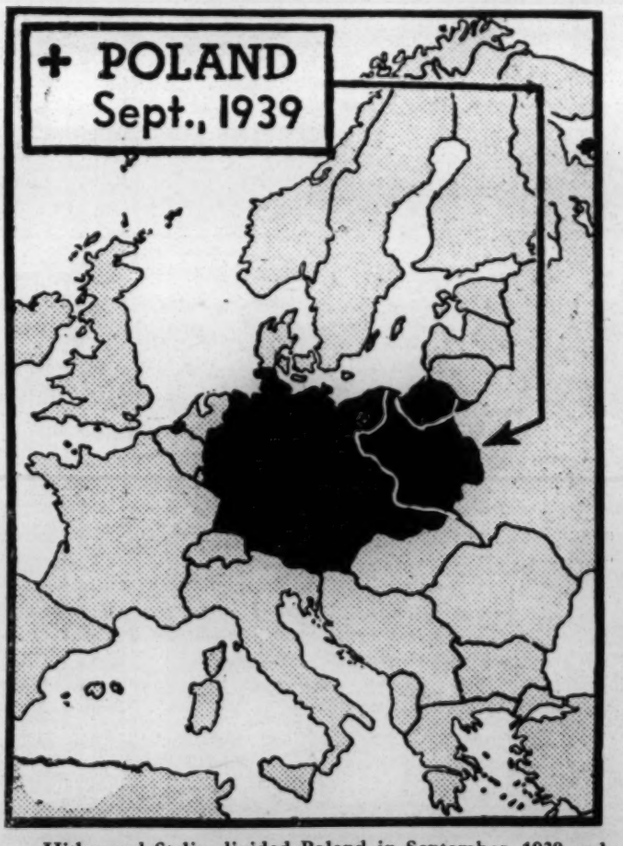
Shoemaker in Chicago Daily News

The vast segregated areas in Warsaw have been created by the method of walling off certain streets and areas which cut them off from contact with other sectors. This applies particularly to the Jewish section, which no one may enter of leave without a special pass. Herr Schoen the Nazi administrator of the Jewish "quarter" told Mr. Bess that he got his idea regarding the segregation scheme when an epidemic of typhus swept the district. He claimed that Germans were particularly susceptible to typhus, the Polish considerably less so, while polish Jews were practically immune, though they often are typhus carriers. He therefore decided it seemed prudent to segregate the entire Jewish community.

The area set aside consisted largely of slums and business property in the center of the city. Herr Schoen moved 113,000 Poles out of the area and 138,000 Jews into it. He moved these people, 250,000, in about six weeks. He explained and added, "inevitably there was some confusion and hysteria, but the Jewish rabbis helped in persuading their people to accept the idea without quibbling about it." The unscrambling of property naturally presented special difficulties—as one might well imagine. Four Roman Catholic churches in the area were closed, except for Jewish converts. All Jewish property outside the district is administered by German trustees. Several tramlines formerly traversing the district have been re-routed, while local lines serve the Jews. One line which passes through the area must have the doors locked while the cars are in the area.

All Jews must be in their homes at 9 o'clock when curfew is declared, two hours earlier than the curfew for the Poles. People live on an average of six to a room due to overcrowding. Fuel is scarce. After nine p.m. the streets are empty, except for policemen. In the daytime the streets are a solid mass of humanity, where every man, woman and child wears a white sleeve band, stamped with the star of Judah, which all Jews are compelled to wear in public in any part of Poland. Herr Schoen admitted that "most of the people had no regular work for the present." Herr Schoen said that he had plans for public works that would provide employment. He told Mr. Bess that "what the Jews did among themselves does not matter to us . . . it is the same with you and your Negroes." He admitted, however, that the scheme was an emergency one and they were waiting to see how it worked out . . . . "we have given the Jews everything they really need, including a cemetery." Mr. Bess said that several Jews told him they preferred to live in the quarter to living outside, because when they lived outside, "they never had a moment's peace of mind and constantly were in danger of being conscripted to clean streets or scrub floors." There is only one connecting link between the Jewish area and the rest of Warsaw—the municipal court building which is half inside and half outside the Jewish quarter. Both Jews and Gentiles are permitted to enter this building and mingle—sole safety valve for pent-up energies. Mr. Bess stated the following as his conclusions :

"The foundations of the new Polish state have been laid down. They are based upon racial theories which draw sharp distinctions between Germans and Poles and Jews. These theories are being rigorously applied by the chief German administrator, Reichs-Commissioner Frank, a veteran leader of the Nazi party, who has exercised supreme powers in Poland since 1939. Doctor Frank has repeatedly and publicly insisted that Poles and Jews must



Hitler and Stalin divided Poland in September, 1939 and thus precipitated the present European War. The Soviet portion of the unfortunate nation has been a closed book since the original occupation. This is the first information about conditions in the Nazi occupied area, since Hitler occupied the country.

learn to adjust themselves to the particular niches which have been assigned to them in the German plan for reorganizing Europe."

POLES CONVERTED INTO "HILFSVOLK"

A writer of Polish nationality who departed from Poland in March (1941) contributed an article to the *New York Times* magazine on April 27, which contained further disclosures of Nazi aggression and persecution in his native country.

He said that the Nazis treat the Poles as an inferior race who must serve the German master-folk. It seems that the Germans already have a name for it. The Poles are called "HILFSVOLK" or helping-people, hence as such do not need an intelligentsia. All scientific institutes

How Big Must He Be?

Cartoon in Chicago Daily News depicts an American isolationist, who is still skeptical about the menace of the Nazi tiger. The cartoon was printed prior to the later Nazi occupation of Balkan nations and Greece.

and universities have thus been closed and the learned professions become the privilege of the "HERRENVOLK." Some libraries have been sealed and valuable manuscripts sent to the Reich.

And—reminiscent of conditions in occupied China—the Germans have suppressed all books which remind the Poles of their own state, or which deal with the economics of the Polish Republic, biographies, geographical works and histories affecting Poland. The disapproval of cultural works extends to all English and French translations, to the works of Sienkiewicz, and even to Reymond's work on the Russo-Japanese war. No text-book must refer to Poland's former expansion, and in 1940 not a single Polish book appeared. New publications must have official approval and Polish authors are on a general strike. The daily and periodical press is edited by Germans and the contents of the two main Polish dailies differ in no way from those of a German paper. This quasi-Polish press is boycotted by the people. Fala, a weekly pictorial is strongly pornographic. The Nazis want willing slaves, not illiterates, hence every Polish child has to attend school. No class can have more than 60 pupils and the teachers are Polish, but a German supervisor appoints and dismisses the teachers and private instruction is severely punished. A slight offense may lead not only to dismissal but to something worse. Since Germany looks upon Poland as a labor reservoir, all Polish children who are qualified must attend a craft school. Peasants are trained in intensive farming.

The Polish theater was one of the first victims of the Nazi drive against the intelligentsia. All stages in Warsaw and Cracow were seized for German drama. Some Polish artists were drafted but they were quickly boycotted by their own kin. German films receive similar treatment by the people.

The Germans set out immediately after the occupation to cripple Polish industry altogether. Valuable machinery was dismantled and sent to the Reich. Locomotive plants were kept to serve the Reich's railways. However, after the collapse of France this has been changed and Polish airplane factories now turn out German types. Workers in these factories receive special rations.

No one may enter Poland from Germany without permission of the Gestapo or secret police. Luggage is searched for foodstuffs. All trains have cars for "Germans only". Soldiers and talkative German travellers may not mix with the natives.

And listen to this—"demoralization due to conquest is mutual—the rulers corrupt themselves and their unfortunate hosts. Roulette tables have been opened in Warsaw, Takopane, Krynica and other places and widespread propaganda plays upon the gambling instincts of the Slavs. Pornography was never more widespread or more systematically disseminated than in Poland today. Most German officials, especially the Gestapo are susceptible to bribes—no wonder when the leading government officials set the example. In the summer of 1940 Hitler personally decreed the expropriation of the large estate of Count Adon Porocki near Cracow, in order that he could make a present of it to his friend Dr. Hans Frank, whom he appointed Governor-General of Poland. Corruption has spread like wildfire among petty officials. Until recently any Pole could leave the country if he had sufficient money to bribe the Nazi officials."

As shown in Mr. Bess' article ghettos have been established in Cracow and Warsaw and trams carry cars for "Jews only". In regions which have been incorporated into the Reich Jews have been driven from their homes and sent to occupied Poland. In Ludz the Jewish youths have been allowed to remain as they are exclusively used in the construction of automobile roads—for use of the "HERRENVOLK" who are only able to possess cars.

Negotiator of Nishihara Loans Dies in Peiping

Lu Tsung-yu, who was branded by a previous generation of patriotic Chinese students, as a "National Traitor," died in Peiping on June 1 of pneumonia. He was 65 years old and had been in retirement for several years—since the failure of the Exchange Bank of China, a Sino-Japanese concern which he organized at the time of the flotation of the so-called Nishihara loans by the old Anfu regime then in control of the Peking Government.

Lu Tsung-yu

Mr. Lu was born in Chekiang and attended Waseda University in Japan. His first job was director of the salt administration in Manchuria. Later he became vice-president of the Bank of Communications, Vice-Minister of Finance, Financial Adviser to the President, member of the old Peking Parliament, Chinese Minister to Japan, and finally promoter and managing director of the Exchange Bank of China, a Sino-Japanese concern.

Mr. Lu's "great opportunity" came when he was appointed managing director of the Exchange Bank in 1917-1918, for shortly afterward there arrived in Peking a Japanese financier named Nishihara, who was of the build of a Sumo wrestler. Nishihara had been sent to China with his government's approval, by a group of Japanese banks, with instructions to "buy up" Chinese national resources. He almost succeeded in buying China outright, for within a few months he advanced to the corrupt Anfu Government and northern Chinese militarists, loans said to amount to approximately $500,000,000. In exchange for these loans, all advanced through

Mr. Lu's bank, the Japanese were given valuable concessions to build telephone and telegraph lines, railways, open mines and industrial establishments—and finally—a large loan advanced allegedly for the purpose of "preparing China to participate in the First World War." The proceeds of this loan were divided up among the corrupt northern generals and largely pocketed by them and later invested in real estate and fantastic palaces in the Tientsin foreign concessions, some which stand today as monuments to a shameful and now practically forgotten era in Chinese politics.

These loans, later repudiated by patriotic officials, actually laid the foundation for China's present-day complications with Japan, for the Japanese warlords are now foreclosing—with the help of their armies, and another corrupt regime in Nanking—on concessions which the Japanese thought they had obtained by purchase nearly a quarter of a century previously. The notorious Twenty-One Demands which Japan forced on China in 1915, were part-and-parcel of the same Japanese policy of aggression, exemplified in the Nishihara loans, the theft of the Manchurian provinces and the present armed invasion of much of the country.

The Nishihara loans, advanced largely through Lu Tsung-lu's bank, and the resulting corruption among officials of the old Anfu Government, who squandered the money, finally precipitated a nationwide uprising among Chinese students. The movement started in Peking and after forcing most of the corrupt officials to flee into the Japanese compound in the Legation Quarter and to the Japanese concession at Tientsin and even to Dairen, Manchuria, the student movement spread to Shanghai, Canton and elsewhere. Banker Lu and his associates were branded as national traitors and forced to spend the remainder of their days in disgrace. Some of them staged a come-back when the Japanese extended their military and political control over North China. Even Banker Lu was made an adviser to the regime of Mr. Wang Ching-wei at Nanking, but he probably never visited the puppet capital to draw his pay.

'Creative Imagination' Called For At Local Christian Commencement

Taking "Creative Imagination" as the title of his talk, the Rev. Carleton Lacy delivered the commencement address to a large gathering of Chinese students of the Associated Christian Colleges on Thursday morning of this week at the Grand Theatre on Bubbling Well Road. Keynote of the address was the assertion that the answer to the oft-asked question, "What will the World of Tomorrow be Like?" would be found very largely "in the measure and the quality of creative imagination which these five hundred graduates and their fellow students around the world are able to develop." Mr. Lacy went on to say, in part:

Nelson T. Johnson, former American Ambassador to China, returns to U.S.A. to report on conditions in China. Following a conference with the State Department, Mr. Johnson will proceed to Australia, where he will serve as Minister.

"Four years ago when rifle fire was heard at Lukuchiao the world began to get the jitters. When the armies began to move across the Hopei plains the whisper spread quickly round the world that this was but the prelude to another World War. Only the people of the western hemisphere had any hope of keeping out of the devastating conflagration, and this they hoped to do by pulling their national hat far down over their eyes, and holding their national skirts close about their legs, and letting the storm beat about their ears. When President Roosevelt made bold in his famous Chicago address to insert a sentence about imposing a quarantine against the spread of a menacing political disease—a sentence which had not been written by his secretary and previously released to the press by his intimate advisors—a wave of protest spread across the country. Here was another president whose imagination was leading us into trouble. As a matter of fact the trouble with the whole world in the year 1937 (and even from the day of the Mukden incident in 1931 and through the disgraceful rape of Ethiopia) was its stupendous lack of creative imagination. For a decade and a half we had been talking about building a warless world, but where were the builders? There were plenty of talkers, and those who could argue among themselves over the various sects of pacifism. Most of us were ardent supporters of the Briand-Kellogg Pact that forever renounced war as a means of settling international disputes. But there was not enough creative imagination loose in the world to devise any other way of settling international disputes, and the hearts and ambitions of nations had not been sufficiently converted and redeemed to prevent the occurrence of such disputes. So when they arose, and the efforts for peace could no longer preserve peace in the world, there was not sufficient mental initiative among us to implement President Roosevelt's appeal to quarantine war instead of isolating ourselves.

It is any man's guess now what might have happened if we had acted differently four years ago. And we shall probably be forced to concede that four years ago we had neither the intelligence nor the emotion to act as we are now doing. Yet it is my conviction that had America and Great Britain in the summer of 1937 resorted to those strenuous, almost revolutionary measures in which we are now mutually engaged in a desperate effort to stop the spread of the conflagration, both Europe and China might possibly have been spared some of the tragic suffering through which they have gone. Such measures as the wholesale transfer of fleets of destroyers from one nation to another, in exchange for air and naval bases, and joint planning of the patrol of sea lanes, the supply of essential commodities to meet a critical need are a few evidences of the belated development of a truly creative imagination in the field of political science. The nations are finally awaking to realize—God grant it may not be too late—that there are political and economic and social weapons which might have been as effective as bombing planes and parachute armies and superdreadnaughts had they been used in time. Our wits were too sluggish or we should have known a decade ago how to use these weapons to prevent this war.

"China was the laughing stock of the military-minded world when she set out to resist invasion by a deliberate, long-range program of industrial and social reconstruction. Even her officially accredited diplomatic representatives confided to intimate friends that it was hopeless to expect their country to stand up for more than a year under an attack of modern mechanized warfare. Someone, however, had enough creative imagination to dismantle factories and move them a thousand miles inland, to carve out air raid shelters in the rocky foundations of a city that would make possible the continual operation of business through successive years of bombing raids, to tear up steel rails and lay them down further inland where they would facilitate the processes of reconstruction, to dig granite and iron from the mountain sides and erect new industrial plants for the production of every needed chemical or electrical or mechanical appliance that the country might need, to organize hundreds of thousands of destitute peasants into industrial cooperatives for the steady carrying on of all kinds of productive handicraft, to move schools and colleges across whole provinces and set up their science laboratories among the temple gods, their libraries among the coffins in the guild halls, and their dormitories in modern matsheds or among the dusty ancestral tablets. When the tales of warfare on land and sea and air shall have grown stale or been worn threadbare, our children's children will still repeat the story of China's rebirth in the midst of death, of her destruction turned into reconstruction, of her creative imagination that triumphed over the pessimistic realities of a militarized world and turned despair into courage, defeat into victory, and set her face and that of the whole world steadfastly forward to a new and better age.

"This reference to the schools leads to the further observation that these remarks apply quite as directly in the fields of education and religion as in that of political relationship. Nowhere is there greater danger from the solidifying of ideas, from the stereotyped formula, nowhere

Left—"Free Rides for All—Are You Going My Way, Uncle?"—Punch Cartoon, London.

Right—"New Order Reaches the Realm of Art—Adolf Improves on European Statuary. Musso Is Next."—Glasgow Record.

is there greater need for creative imagination than in the field of education. The foundation of democracy is destroyed and the scaffolding for the totalitarian structure is erected when freedom is killed in our schools. There is no greater fallacy than that the democratic state may be built strong and defended against aggression by regimenting the curriculum and controlling the thought of teachers and students. There is no greater educational tragedy than to see the school-week so crowded with required courses and class-room hours that teachers lose their initiative and students fail to develop their imagination. In the city of Denver, Colorado, someone with marvellous creative imagination has set the students in the public schools to making their own moving pictures. It requires that the boys and girls engage in extensive research, selection, organization and promotional activity. There is nothing stereotyped about their classroom work nor in the gathering and using of material. From beginning to end both teachers and pupils are forced to exercise initiative, to work creatively, to explore courageously. The result is a group of such highly and practically educated youth that they are walking from the high school door on commencement day into the very best positions that the city has to offer. No school principal in Denver under that system will be heard to say, as one of our college presidents here remarked a few days ago, that one of his most difficult tasks year in and year out is to find jobs for his graduates.

"If that sort of freedom is to be preserved in our educational institutions during these critical emergency years it will require a united front among the Christian colleges and middle schools of this country. Last spring, while engaged in conversation with a group of educators on a university campus in west China, I heard a well-known professor sound the warning against the brazen efforts that have been exerted in certain quarters toward regimentation in our schools. "If this continues," he exlaimed with conviction, "we shall soon discover that we have fallen prey to the very thing against which we have been rallying all of our national resistance." Then he added his statement of conviction that the present hope of preserving that freedom in education lay in the Christian schools of China, and that if they failed to insist upon this right and fundamental need in liberal education we shall lose both that freedom and the last reason for the maintenance of Christian educational institutions in this land. There is a challenge. We face a national crisis, which is not only a crisis on the field of battle and military struggle, but a crisis in our educational field which involves the very fabric of our democratic national existence. Are there yet left a few knees that have not bowed to Baal? Have we yet a few schools and colleges which in warm loyalty to their country and to the highest principles of education and the deepest conviction of truth and righteousness still retain the freedom of thought and purpose that give promise of a better world to-morrow? I believe we have. God grant that our Christian colleges and universities and the middle schools as well may stand their ground and make a great and lasting contribution toward a new and better democratic world tomorrow through which the winds of creative imagination may blow with invigorating force."

JAPANESE GRAB SHANGHAI PAPERS

Publishers of foreign and Chinese newspapers in Shanghai were provided with painful evidence of the establishment of Japan's "new order" in Chekiang province and other areas to the south of Shanghai this week when they received notices that the Japanese military authorities had seized copies of their publications previously dispatched to interior points through Ningpo, Wenchow and other southern ports. First copies seized apparently were dated May 10 and according to letters from subscribers and news agents the seizures have continued to the present. According to reports from the Chinese Post Office received by *The China Weekly Review*, copies of this paper dated May 10 and since which were dispatched through Ningpo and Wenchow had been seized. The following subscribers, including two agencies which distributed a large number of papers, were affected by the Japanese action:

Nanchang Book Company, Nanchang
Provincial Library, Taiho, Kiangsi
Rev. F. H. Scott, Chenhsien, Honan
Mr. Hu Chang, Kanhsien, Kiangsi
Southeast Book Company, Kinhwa, Chekiang

Only Shanghai papers escaping the Japanese confiscation order were those issued under auspices of the Nanking Government or espousing a pro-Japanese point of view, according to reports from subscribers. Publishers are now trying to re-route their papers so as to avoid the Japanese-occupied ports.

The President Speaks Out

Roosevelt Proclaims Unlimited National Emergency

Editor's Note: Following is the full text of the address delivered on May 27 by President Franklin D. Roosevelt, proclaiming an "unlimited national emergency." The text of the Proclamation is appended.

I am speaking tonight from the White House in the presence of the Governing Board of The Pan-American Union, the Canadian Minister and their families. The members of this Board are the Ambassadors and Ministers of the American Republics in Washington. It is appropriate that I do this. Now, as never before, the unity of the American Republics is of supreme importance to each and every one of us and to the cause of freedom throughout the world. Our future independence is bound up with the future independence of all our sister republics.

The pressing problems that confront us are military problems. We cannot afford to approach them from the point of view of wishful thinkers or sentimentalists. What we face is cold, hard fact. The first and fundamental fact is that what started as a European war has developed, as the Nazis always intended it should develop, into a world war for world domination. Adolf Hitler never considered the domination of Europe as an end in itself. European conquest was but a step toward ultimate goals in all the other continents. It is unmistakably apparent to all of us that, unless the advance of Hitlerism is forcibly checked now, the Western Hemisphere will be within range of the Nazi weapons of destruction.

For our own defense we have accordingly undertaken certain obviously necessary measures: first, we joined in concluding a series of agreements with all the other American Republics. This further solidified our hemisphere against the common danger. And then, a year ago, we launched, and are successfully carrying out, the largest armament production program we have ever undertaken. We have added substantially to our splendid navy, and we have mustered our manpower to build up a new army which is already worthy of the highest traditions of our military service.

We instituted a policy of aid for the democracies—the nations which have fought for the continuation of human liberties. This policy had its origin in the first month of the war, when I urged upon the Congress repeal of the arms embargo provisions in the Neutrality Law. In that message of September, 1939, I said, "I should like to be able to offer the hope that the shadow over the world might swiftly pass. I cannot. The facts compel my stating, with candor, that darker periods may lie ahead."

In the subsequent months, the shadows deepened and lengthened. And the night spread over Poland, Denmark, Norway, Holland, Belgium, Luxemburg and France. In June, 1940, Britain stood alone, faced by the same machine of terror which had overwhelmed her allies. Our Government rushed arms to meet her desperate needs. In September, 1940, an agreement was completed with Great Britain for the trade of fifty destroyers for eight important off-shore bases. In March, 1941, the Congress passed the Lend-Lease Bill and an appropriation of seven billion dollars to implement it. This law realistically provided for material aid "for the government of any country whose defense the President deems vital to the defense of the United States."

Our whole program of aid for the democracies has been based on hard-headed concern for our own security and for the kind of safe and civilized world in which we wish to live. Every dollar of material we send helps to keep the dictators away from our own hemisphere. Every day that they are held off gives us time to build more guns and tanks and planes and ships.

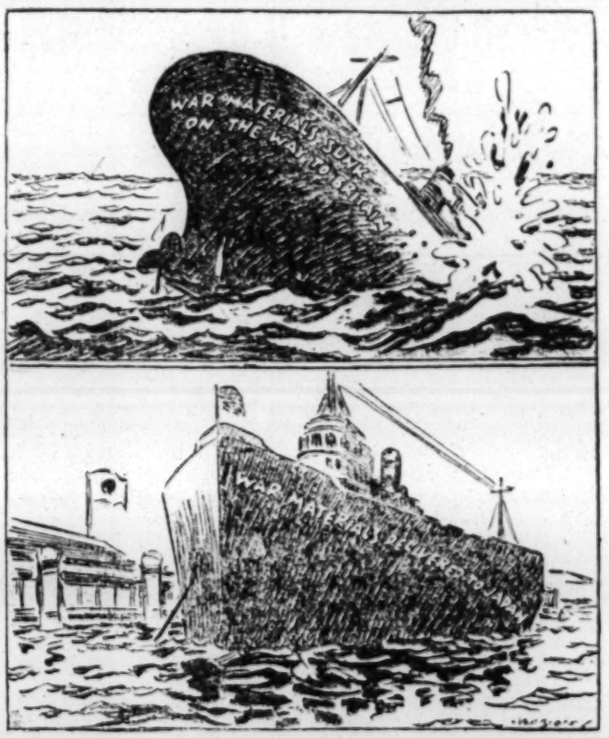
We have made no pretense about our own self-interest in this aid. Great Britain understands it—and so does Nazi Germany.

And now—after a year—Britain still fights gallantly, on a "far-flung battle line." We have doubled and redoubled our vast production, increased, month by month, our material supply of tools of war for ourselves and Britain and China—and eventually for all the democracies. The supply of these tools will not fail—it will increase. With greatly augmented strength, the United States and the other American Republics now chart their course in the situation of today.

Your government knows what terms Hitler, if victorious, would impose. They are, indeed, the only terms on which he would accept a so-called "negotiated" peace. Under those terms, Germany would literally parcel out the world, hoisting the swastica itself over vast territories and populations, and setting up puppet governments of its own choosing, wholly subject to the will and the policy of a conqueror.

To the people of the Americas, a triumphant Hitler would say, as he said after the seizure of Austria, and after Munich, and after the seizure of Czechoslovakia: "I am now completely satisfied. This is the last territorial readjustment I will seek." And he would of course add: "All we want is peace, friendship, and profitable trade relations with you in the New World."

Total Loss & Worse Than Lost



Syndicate Cartoon in The China Press

And were any of us in the Americas so incredibly simple and forgetful as to accept those honeyed words, what would then happen? Those in the New World who were seeking profits would be urging that all that the dictatorships desired was "peace." They would oppose toil and taxes for more American armament. Meanwhile, the dictatorships would be forcing the enslaved peoples of their old world conquests into a system they are even now organizing—to build a naval and air force intended to gain and hold and be master of the Atlantic and the Pacific as well. They would fasten an economic stranglehold upon our several nations. Quislings would be found to subvert the governments in our republics; and the Nazis would back their fifth columns with invasion, if necessary.

I am not speculating about all this. I merely repeat what is already in the Nazi book of world conquest. They plan to treat the Latin American nations as they are now treating the Balkans. They plan then to strangle the United States of America and the Dominion of Canada.

American labor would have to compete with slave labor in the rest of the world. Minimum wages, maximum hours? Nonsense! Wages and hours would be fixed by

Hitler. The dignity and power and standard of living of the American worker and farmer would be gone. Trade unions would become historical relics, and collective bargaining a joke. Farm income? What happens to all farm surpluses without any foreign trade? The American farmer would get for his products exactly what Hitler wanted to give. He would face obvious disaster and complete regimentation. Tariff wars—Chinese walls of isolation—would be futile. Freedom to trade is essential to our economic life. We do not eat all the food we can produce; we do not burn all the oil we can produce; we do not use all the goods we can manufacture. It would not be an American wall to keep Nazi goods out: it would be a Nazi wall to keep us in.

The whole fabric of working men know it—business, manufacturing, mining, agriculture—all would be mangled and crippled under such a system. Yet to maintain even that crippled independence would require permanent conscription of our manpower; it would curtail the funds we could spend on education, on housing, on public works, on flood control, on health. Instead, we should be permanently pouring our resources into armaments; and, year in and year out, standing day and night watch against the destruction of our cities.

Even our right of worship would be threatened. The Nazi world does not recognize any god except Hitler; for the Nazis are as ruthless as the communists in the denial of God. What place has religion which preaches the dignity of the human being, the majesty of the human soul, in a world where moral standards are measured by treachery and bribery and fifth columnists? Will our children, too, wander off, goose-stepping in search of new gods?

We do not accept, and will not permit, this Nazi "Shape of Things to Come." It will never be forced upon us, if we act in this present crisis with the wisdom and the courage which have distinguished our country in all the crises of the past.

The Nazis have taken military possession of the greater part of Europe. In Africa they have occupied Tripoli and Libya, and they are threatening Egypt, the Suez Cañal and the Near East. But their plans do not stop there, for the Indian Ocean is the gateway to the East. They also have the armed power at any moment to occupy Spain and Portugal; and that threat extends not only to French North Africa and the western end of the Mediterranean, but also the Atlantic fortress of Dakar, and to the island outposts of the New World—the Azores and Cape Verde Islands.

The Cape Verde Islands are only seven hours' distance from Brazil by bomber or troop-carrying planes. They dominate shipping routes to and from the South Atlantic. The war is approaching the brink of the Western Hemisphere itself. It is coming very close to home. Control or occupation by Nazi forces of any of the islands of the Atlantic would jeopardize the immediate safety of portions of North and South America, and of the island possessions of the United States itself.

Hitler's plan of world domination would be near its accomplishment today, were it not for two factors: one is the epic resistance of Britain, her colonies, and the great dominions, fighting not only to maintain the existence of the island of Britain, but also to hold the Balkans and Africa. The other is the magnificent defense of China, which will, I have reason to believe, increase in strength. All of this, together, prevents the Axis from winning control of the seas by ships and aircraft.

The Axis powers can never achieve their objective of world domination unless they first obtain control of the seas. This is their supreme purpose today; and to achieve it, they must capture Great Britain. They could then have the power to dictate to the Western Hemisphere. No spurious argument, no appeal to sentiment, and no false pledges like those given by Hitler at Munich, can deceive the American people into believing that he and his Axis partners would not, with Britain defeated, close in relentlessly on this hemisphere.

But if the Axis powers fail to gain control of the seas, they are certainly defeated. Their dreams of world domination will then go by the board; and the criminal leaders who started this war will face inevitable disaster. Both they and their people know this—and they are afraid. That is why they are risking everything they have, conducting desperate attempts to break through to the command of the ocean. Once they are limited to a continuous land war, their cruel forces of occupation will be unable to keep their heel on the necks of the millions of innocent, oppressed peoples on the continent of Europe; and in the end, their whole structure will break into little pieces. And the wider the Nazi land effort, the greater the danger.

We do not forget the silenced peoples. The masters of Germany—those, at least, who have not been assassinated or escaped to free soil—have marked these peoples and their children's children for slavery. But those people—spiritually unconquered: Austrians, Czechs plus Norwegians, Dutch, Belgians, Frenchmen, Greeks, Southern Slavs—yes, even those Italians and Germans who themselves have been enslaved—will prove to be a powerful force in disrupting the Nazi system.

Yes, all freedom—meaning freedom to live, and not freedom to conquer and subjugate other peoples—depends on freedom of the seas. All of American history—North, Central and South American history—has been inevitably tied up with these words, "Freedom of the Seas."

Since 1799, when our infant navy made the West Indies and the Caribbean and the Gulf of Mexico safe for American ships, since 1804 and 1805 when we made all peaceful commerce safe from the depredations of the Barbary pirates; since the war of 1812, which was fought for the preservation of sailors' rights; since 1867, when our sea power made it possible for the Mexicans to expel the French army of Louis Napoleon, we have striven and fought in defense of freedom of the seas—for our own shipping, for the commerce of our sister republics, for the right of all nations to use the highways of world trade, and for our own safety.

During the first world war we were able to escort merchant ships by the use of small cruisers, gunboats and destroyers; and this type of convoy was effective against submarines. In this second world war, however, the problem is greater, because the attack on the freedom of the seas is now fourfold: first—the improved submarine; second—the much greater use of the heavily armed raiding cruiser, or hit-and-run battleship; third—the bombing airplane, which is capable of destroying merchant ships seven or eight hundred miles from its nearest base; and fourth—the destruction of merchant ships in those ports of the world which are accessible to bombing attack.

The battle of the Atlantic now extends from the icy waters of the North Pole to the frozen continent of the Antarctic. Throughout this huge area, there have been sinkings of merchants ships in alarming and increasing numbers by Nazi raiders or submarines. There have been sinkings in the South Atlantic, off West Africa and the Cape Verde Islands; between the Azores and the islands of the American coast; sinkings off and between Greenland and Iceland. Great numbers of these have been actually within the waters of the Western Hemisphere.

The blunt truth is this—and I reveal this with the full knowledge of the British Government: the present rate of Nazi sinkings of merchant ships is more than three times as high as the capacity of British shipyards to replace them; it is more than twice the combined British and American output of merchant ships today. We can answer this peril by two simultaneous measures: first, by speeding up and increasing our great shipbuilding program; and second, by helping to cut down the losses on the high seas.

Attacks on shipping, off the very shores of land which we are determined to protect, present an actual military danger to the Americas. And that danger has recently been heavily underlined by the presence in Western Hemisphere waters of Nazi battleships of great striking power.

Most of the supplies for Britain go by a northerly route, which comes close to Greenland and the nearby island of Iceland. Germany's heaviest attack is on that route. Nazi occupation of Iceland or bases in Greenland would bring the war close to our continental shores; because they are stepping-stones to Labrador, Newfoundland, Nova Scotia, and the Northern United States, including the great industrial centers of the North, East and the Middle West.

Equally, the Azores and the Cape Verde Islands, if occupied or controlled by Germany, would directly endanger the freedom of the Atlantic and our own physical safety. Under German domination they would become bases for submarines, warships, and airplanes raiding the waters which lie immediately off our own coasts and attacking the shipping in the South Atlantic. They would provide a spring-board for actual attack against the integrity and independence of Brazil and her neighboring republics.

I have said on many occasions that the United States is mustering its men and its resources only for purposes of defense—only to repel attack. I repeat that statement

now. But we must be realistic when we use the word "attack;" we have to relate it to the lightning speed of modern warfare. Some people seem to think that we are not attacked until bombs actually drop on New York or San Francisco or New Orleans or Chicago. But they are simply shutting their eyes to the lesson we must learn from the fate of every nation that the Nazis have conquered. The attack on Czechoslovakia began with the conquest of Austria. The attack on Norway began with the occupation of Denmark. The attack on Greece began with the occupation of Albania and Bulgaria. The attack on the Suez Canal began with the invasion of the Balkans and North Africa. The attack on the United States can begin with the domination of any base which menaces our security—North or South.

Nobody can foretell tonight just when the acts of the dictators will ripen into attack on this hemisphere and us. But we know enough by now to realize that it would be suicide to wait until they are in our front yards. When your enemy comes at you in a tank or a bombing plane, if you hold your fire until you see the whites of his eyes, you will never know what hits you. Our Bunker Hill of tomorrow may be several thousand miles from Boston.

Anyone with an atlas and a reasonable knowledge of the sudden striking force of modern war, knows that it is stupid to wait until a probable enemy has gained a foothold from which to attack. Old-fashioned common sense calls for the use of a strategy which will prevent such an enemy from gaining a foothold in the first place.

We have, accordingly, extended our patrol in North and South Atlantic waters. We are steadily adding more and more ships and planes to that patrol. It is well known that the strength of the Atlantic Fleet has been greatly increased during the past year, and is constantly being built up. These ships and planes warn of the presence of attacking raiders, on the sea, under the sea, and above the sea. The danger from these raiders is greatly lessened if their location is definitely known. We are thus being forewarned; and we shall be on our guard against efforts to establish Nazi bases closer to our hemisphere.

The deadly facts of war compel nations, for simple self-preservation, to make stern choices. It does not make sense, for instance, to say, "I believe in the defense of all the Western Hemisphere," and in the next breath to say, "I will not fight for that defense until the enemy has landed on our shores." And if we believe in the independence and integrity of the Americas, we must be willing to fight to defend them just as much as we would to fight for the safety of our own homes.

It is time for us to realize that the safety of American homes even in the center of our country has a definite relationship to the continued safety of homes in Nova Scotia or Trinidad or Brazil. Our national policy today, therefore, is this:

First, we shall actively resist whenever necessary, and with all our resources, every attempt by Hitler to extend his Nazi domination to the Western Hemisphere, or to threaten it. We shall actively resist his every attempt to gain control of the seas. We insist upon the vital importance of keeping Hitlerism away from any point in the world which could be used and would be used as a base of attack against the Americas.

Second, from the point of view of strict naval and military necessity, we shall give every possible assistance to Britain and to all who, with Britain, are resisting Hitlerism or its equivalent with force of arms. Our patrols are helping now to insure delivery of the needed supplies to Britain. All additional measures necessary to deliver the goods will be taken. Any and all further methods or combinations of methods, which can or should be utilized, are being devised by our military and naval technicians, who, with me, will work out and put into effect such new and additional safeguards as may be needed. The delivery of needed supplies to Britain is imperative. This can be done; it must be done; it will be done.

To the other American nations—twenty republics and the Dominion of Canada—I say this: the United States does not merely propose these purposes, but is actively engaged today in carrying them out. I say to them further: you may disregard those few citizens of the United States who contend that we are disunited and cannot act.

There are some timid ones among us who say that we must preserve peace at any price—lest we lose our liberties forever. To them I say: never in the history of the world has a nation lost its democracy by a successful struggle to defend its democracy. We must not be defeated by the fear of the very danger which we are preparing to resist. Our freedom has shown its ability to survive war, but it would never survive surrender. The only thing we have to fear is fear itself.

There is, of course, a small group of sincere, patriotic men and women whose real passion for peace has shut their eyes to the ugly realities of international banditry and to the need to resist it at all costs. I am sure they are embarrassed by the sinister support they are receiving from the enemies of democracy in our midst—the bandits, and Fascists, and communists, and every group devoted to bigotry and racial and religious intolerance. It is no mere coincidence that all the arguments put forward by these enemies of democracy—all their attempts to confuse and divide our people and to destroy public confidence in our Government, all their defeatist forebodings that Britain and democracy are already beaten, all their selfish promises that we can "do business" with Hitler—all of these are but echoes of the words that have been poured out from the Axis bureaux of propaganda. Those same words have been used before in other countries—to scare them, to soften them up. Invariably, those same words have formed the advance guard of physical attack.

Meeting of "Shareholders"

Manchester Daily Dispatch

Your government has the right to expect of all citizens that they take loyal part in the common work of our common defense, take loyal part from this moment forward.

I have recently set up the machinery for civil defense. It will rapidly organize, locality by locality. It will depend on the organized effort of men and women everywhere. All will have responsibilities to fulfill. Defense today means more than merely fighting. It means morale, civilian as well as military; it means using every available resource; it means enlarging every useful plant. It means the use of a greater American common sense in discarding rumor and distorted statements. It means recognizing, for what they are, racketeers and fifth columnists, who are the incendiary bombs of the moment.

All of us know that we have made very great social progress in recent years. We propose to maintain that progress and strengthen it. When the nation is threatened from without, however, as it is today, the actual production and transportation of the machinery of defense must not be interrupted by disputes between capital and capital, labor and labor, or capital and labor. The future of all free enterprise—of capital and labor alike—is at stake.

This is no time for capital to make, or to be allowed to retain, excess profits. Articles of defense must have undisputed right of way in every industrial plant in the country. A nation-wide machinery for conciliation and mediation of industrial disputes has been set up. That machinery must be used promptly and without stoppage of work. Collective bargaining will be retained, but the American people expect that recommendations of our Government services will be followed both by capital and by labor.

The overwhelming majority of our citizens expect their government to see that the tools of defense are built; and for the very purpose of preserving the democratic safeguards of both labor and management, this Government is determined to use all of its power to express the will of its people, and to prevent interference, with the production of materials essential to our nation's security.

To day the whole world is divided between human slavery and human freedom—between pagan brutality and

the Christian ideal. We choose human freedom—which is the Christian ideal. No one of us can waver for a moment in his courage. We will not accept a Hitler-dominated world. And we will not accept a world, like the post-war world of the 1920's, in which the seeds of Hitlerism can again be planted and allowed to grow.

We will accept only a world consecrated to freedom of speech and expression, freedom of every person to worship God in his own way, freedom from want and freedom from terrorism.

Is such a world impossible of attainment? Magna Carta, the Declaration of Independence, the Constitution of the United States, the Emancipation Proclamation and every other milestone in human progress—all were ideals which seemed impossible of attainment. Yet they were attained. As a military force, we were weak when we established our independence, but we successfully stood off tyrants, powerful in their day, who are now lost in the dust of history. Odds meant nothing to us then. Shall we now, with all our potential strength, hesitate to take every single measure necessary to maintain our American liberties?

Our people and our Government will not hesitate to meet that challenge. As the President of a united and determined people, I say solemnly:

We reassert the ancient American doctrine of freedom of the seas.

We reassert the solidarity of the twenty-one American Republics and the Dominion of Canada in the preservation of the independence of the Hemisphere.

We have pledged material support to the other democracies of the world—and we will fulfill that pledge.

We in the Americas will decide for ourselves whether, when, and where our American interests are attacked or our security threatened.

We are placing our armed forces in strategic military position.

We will not hesitate to use our armed forces to repel attack.

We reassert our abiding faith in the vitality of our constitutional republic as a perpetual home of freedom, of tolerance, and of devotion to the word of God.

Therefore, with profound consciousness of my responsibilities to my countrymen and to my country's cause, I have tonight issued a proclamation that an unlimited national emergency exists and requires the strengthening of our defense to the extreme limit of our national power and authority.

The nation will expect all industries and all groups to play their full parts, without stint, and without selfishness, and without doubt that our democracy will triumphantly survive.

"I repeat the words of the signers of the Declaration of Independence—that little band of patriots, fighting long ago against overwhelming odds, but certain, as are we, of ultimate victory: "with a firm reliance on the protection of divine providence, we mutually pledge to each other our lives, our fortunes, and our sacred honor."

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The President's Proclamation

The following is the text of the President's Proclamation of an unlimited national emergency;

Whereas on September 8, 1939, because of the outbreak of war in Europe, a Proclamation was issued declaring a limited national emergency and directing measures "for the purpose of strengthening our national defense within the limits of peacetime authorizations."

Whereas a succession of events makes plain that the objectives of the Axis belligerents in such war are not confined to those avowed at its commencement, but include overthrow throughout the world of existing democratic order, and a worldwide domination of peoples and economics through the destruction of all resistance on land and sea and in the air, and

Whereas indifference on the part of the United States to the increasing menace would be perilous, and common prudence requires that for the security of this nation and of this hemisphere we should pass from peacetime authorizations of military strength to such a basis as will enable us to cope instantly and decisively with any attempt at hostile encirclement of this hemisphere, or the establishment of any base for aggression against it as well as to repel the threat of predatory incursion by foreign agents into our territory and society.

Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, do proclaim that an unlimited national emergency confronts this country, which requires that its military, naval, air and civilian defenses be put on the basis of readiness to repel any and all acts or threats of aggression directed toward any part of the Western Hemisphere.

I call upon all the loyal citizens engaged in production for defense to give precedence to the needs of the nation to the end that a system of Government that makes private enterprise possible may survive.

I call upon all our loyal workmen as well as employers to merge their lesser differences in the larger effort to insure the survival of the only kind of government which recognizes the rights of labor or of capital.

I call upon loyal state and local leaders and officials to cooperate with the civilian defense agencies of the United States to assure our internationai security against foreign-directed subversion and to put every community in order for maximum productive effort and minimum of waste and unnecessary frictions.

I call upon all loyal citizens to place the nation's needs first in mind and in action to the end that we may mobilize and have ready for instant defensive use all of the physical powers, all of the moral strength, and all of the material resources of this nation.

China's Destiny Linked With That Of Britain, U.S., Says Gen. Ho

China has "linked her destiny with that of America and Britain," she will be glad to offer the United States full use of any or all Chinese airfields and other aviation facilities in the event of an American-Japanese war, and she is prepared, if requested to do so, to send troops into Burma to aid the British, should the Japanese launch an attack on that territory.

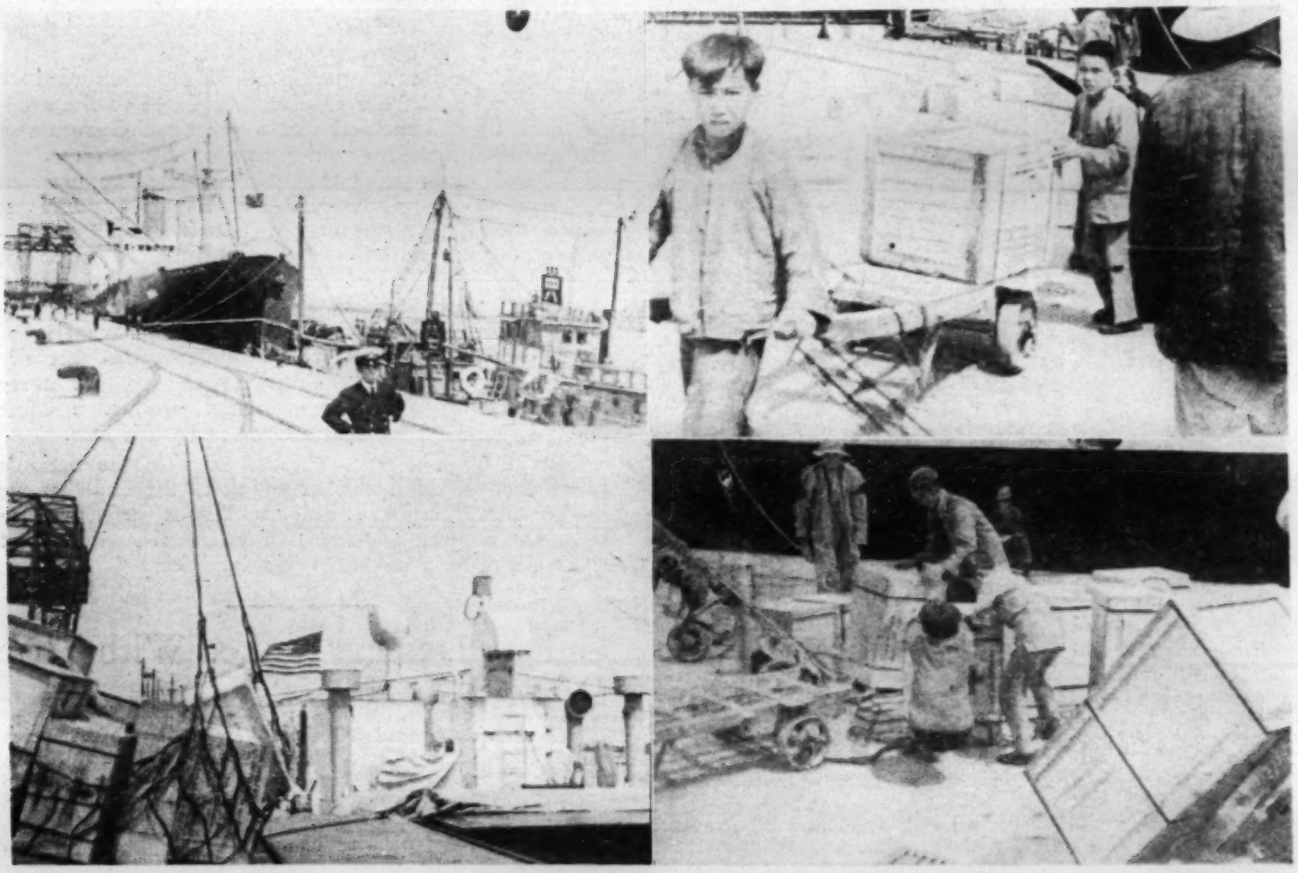
These important statements were made by General Ho Ying-ching, Chinese war minister, in an exclusive interview with *United Press* at Chungking on May 31. They are of exceptional interest, in view of the fact that General Ho has for some time been identified by the Chinese Communists as a leading member of the Chungking "peace faction" which is reported to desire an end to the Sino-Japanese war on almost any terms available. It has frequently been reported that the Chinese Communists, through their representatives in Chungking, have demanded the removal of General Ho from the government in order to strengthen the policy of resistance to Japan.

There would be no turning back from China's Anglo-American orientation, General Ho told *United Press*—"no matter what happens in Europe." China and the United States, he added, have "common aims," and he believed that President Roosevelt's latest speech, with its reaffirmation of the policy of aid to China, would have a great effect on "wavering elements" in occupied China and give them new courage to resist the Japanese invaders.

The war minister went on to say that China was a "charter member" of the "A-B-C Front" (America, Britain, China) having already fought against aggression for four years. "We understand," he said, "that America is already involved in and committed to the Atlantic, and for the time being the Pacific may be of secondary interest." But, he added, "I think that from the military standpoint America should first solve its Pacific problems. However, if America cannot give active military assistance against Japan now, we can at least expect more material and financial aid." China, he concluded, was counting on acquisition of heavy artillery, planes and essential raw materials with which to manufacture munitions.

PICTURES OF INTEREST FROM A WORLD IN CONFLICT

Cape Alava Brought Medicines And Wheat For China's Needy



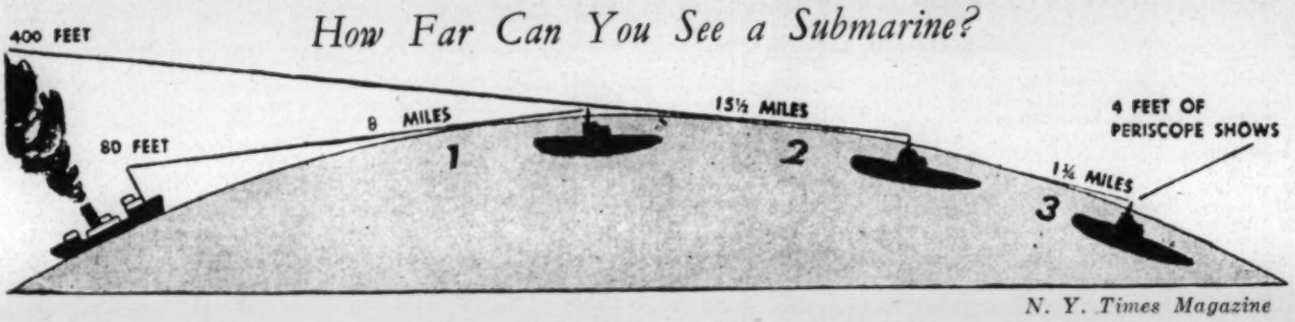
The new American freighter, Cape Alava, 6,751 tons net, which arrived in Shanghai on May 8, brought a considerable cargo of medicines and other materials which are now being distributed to war refugees and other needy persons through the American Red Cross Committee at Shanghai. The picture at the upper left shows the new fast freighter, first of this type of ship to reach the Far East. Much of the cargo consisted of Canadian flour and lumber. Picture at upper right shows youthful Chinese stevedores helping to unload the packing cases containing Red Cross medicines. Bottom pictures also show parcels of American Red Cross medicines for distribution to war refugees throughout the country.

Orphans Receive Their First Meal of American Wheat

Orphan boys and girls in an institution maintained by the China Society for the Relief of Women and Children at Shanghai receive their first meal of American cracked wheat, which was brought to China and distributed under the auspices of the American Red Cross. The picture on the left shows a large group of orphan boys, while the picture on the right shows a group of girls in the same institution, who have used the flour sacks to make dresses for themselves and also a large bedsheet. Clothing made from American flour sacks, still containing the Red Cross emblem has become a familiar sight in many interior cities of China where American Red Cross wheat and rice have been distributed.

THE WAR IN CARTOONS

How Far Can You See a Submarine?

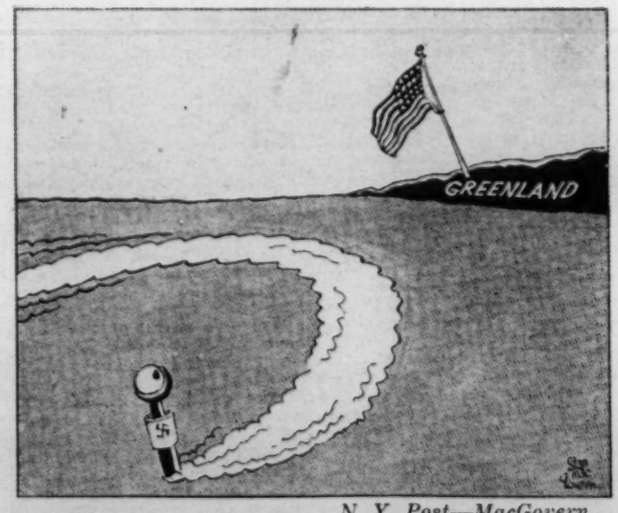


N. Y. Times Magazine

Tough on the Audience

Syndicate Cartoon in Shanghai Evening Post

"Detour"

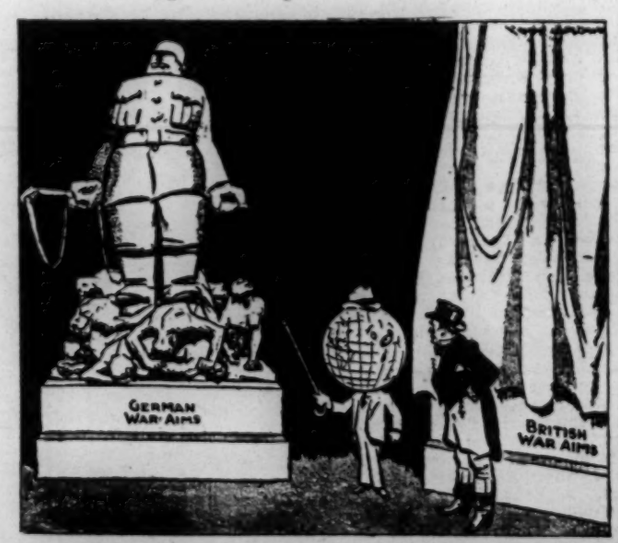


N. Y. Post—MacGovern.

"Did You Say Something?"

Chungking Cartoon

"Question of War Aims"



World: "I know your war aims are better than that—but why not unveil it, so the world may know?—London Daily Herald.

Latin America Seen as New Field Of Endeavor for S'hai Business

BY JOHN AHLERS

Towards South America, where since the start of the European war the United States has been doing ever bigger and better business, the eyes of a widening circle of Far Eastern interests are now turning. The colonial countries around the South China Sea, of course, show little or no interest in Latin America. Their produce and non-ferrous metals cannot be marketed in the Western Hemisphere south of the Rio Grande where export surplus production runs along similar lines. The industrial products which Central and South America need cannot be offered by Southeast Asia. But things are different here at Shanghai and in Japan.

Shanghai and Japanese industries stand in regular need of some of Latin America's raw materials, and at the same time these industries manufacture a lot of products for which South America would appear to offer an improving market. Peruvian cotton, for instance, has just the fiber length to make it suitable to replace Egyptian cotton whose import out here has become difficult. Brazilian cotton, though inferior in quality to North American cotton, attracts Far Eastern buyers by its comparative cheapness. Shanghai, during this year's first four months, imported 10,600 tons of South American cotton and this formed one-sixth of all local cotton imports. South America's share in Japan's cotton imports is much larger; Osaka during the past 12 months purchased the bulk of the Peruvian and a substantial portion of the Brazilian cotton crop.

Japan, in particular, looks to South America also for other raw material supplies. Bolivian tin and tungsten; Bolivian, Peruvian and Chilean copper; Mexican mineral oil and other natural riches of the Latin American republics exercise increasing attractiveness upon Tokyo. Japanese buying competition in South America recently threatened to raise price quotations in Bolivian nonferrous metal exports to the United States.. Beside Japanese - occupied China, Latin America offers Japan the one and only chance to purchase substantial quantities of essential raw and war materials outside the Anglo-Saxon sphere of power and independent of commodity controls directed by either London or Washington. And Japan makes determined efforts to avail herself of this opportunity.

Various South American money and capital markets equally command Shanghai and Japanese interest. Practically the only direction in which local free Sterling may be disposed of through arbitration, taking advantage of the difference between the local and the London/New York cross-rates for British pounds, is Latin America. Recently-concluded new British clearing agreements with a series of Central and South American countries put new obstacles in the way of such Sterling arbitration, but as yet has failed to make impossible such transactions. As regards free transactions in other controlled currencies, South America continues to offer special facilities.

Finally, Latin America as an investment market arouses the interest of Shanghai and Japan. Another high tide of American credits, loans and long-term investments is sweeping across Central and South America, and Far Eastern capital wonders whether it would be good business to go along with that tide. Although Far Eastern capital has not yet started upon a move to Latin America, large Shanghai and Japanese interests during the past 12 months closely investigated the Latin American situation and outlook with a view to discovering serious possibilities for ventures in the South American field. Brazil and Argentina, of course, exercised the greatest attraction in this respect.

However, Latin America by no means is a new capitalist's, industrialist's and trader's paradise where comparatively limited and easy effort promises to be rewarded by large and easy gains. For years past, the Tokyo Government strenuously endeavoured to build up Japanese-Latin American business on a grand scale. The major Japanese business concerns and banks today maintain branch offices or agencies in practically all Central and South American countries. A considerable number of individual Japanese business men have settled on both the Atlantic and the Pacific coast of that part of the world. Japanese shipping lines make direct runs from Japan proper to the more important Latin American ports. With most Latin American nations, Japan has concluded regular trade and navigation treaties, supplemented in numerous instances by special barter and clearing agreements concluded during the last few years. Yet Japanese goods make headway but slowly South of the Rio Grande, and in the whole of Japan's foreign trade and shipping Latin America does not yet occupy a conspicuous place.

Among the chief difficulties confronting new foreign business in Latin America are the intricate trade, exchange and capital controls in force in most Central and South American states. These controls on the whole are rather rigid, and are strictly applied. All these states want, as far as possible, to sell but not to buy; to secure but not to give away foreign exchange; to import capital but not to allow free remittances of capital, amortization and interest. A great difference from Shanghai conditions is that nowhere in Latin America do any foreigners enjoy extra-territoriality or any other special rights, but that everywhere foreigners are subject, in theory and in practice, to the laws of the countries concerned. And in many of these countries, political regimes and economic legislation are liable to undergo frequent and abrupt changes.

U. S. business in Latin America, it is true, just now experiences another boom period. But this U. S. business boom is based on new U. S. financing of Latin American business on a large scale. Trade simply follows the new financing. It still remains to be seen whether U. S. Central and South American trade will continue to boom once U. S. financing in that part of the world slows down or is brought to a stop. There is danger that the lessons will be forgotten which were learnt in Latin America following the great depression in 1929. Large amounts of North American capital to this very day remain frozen in Latin American countries, and are not being repaid or serviced. Not a few of those countries have totally or partially defaulted their national foreign indebtedness.

While U. S. business in Latin America booms, Latin America itself does not yet experience a true boom. Seen through the eyes of the people and business men from Mexico southward, the recent huge increase in their business with the United States merely amounts to a partial, and possibly only temporary, replacement of the former Latin American trade with Europe which has been stopped as a result of the European war and the British blockade of the European continent. The total business volume of Latin America has not increased though the U. S. share in that business volume today is bigger than for many years past. For quite a series of South American products, North American markets are not fully, or not at all, replacing the lost European customers.

Duke Returns to American Soil

The Duke and Duchess of Windsor, with the Mayor of Miami, Fla., Alexander Orr Jr., on their recent visit to Miami. The Duke at the time had a personal chat with President Roosevelt, who was on an inspection tour of Carribean naval bases. Reports are current that the Duke and Duchess will return to American soil again soon.

Syria Looks Like Next Battlefield as British Troops Withdraw From Hard Fighting on Isle of Crete

Likelihood that the next Nazi contact with British troops will take place in French-mandated Syria increased this week following the German conquest of Crete and the landing of Hitler's legions in the French Near Eastern colony.

Nazi troops numbering at least 500 men disembarked at the Syrian port of Latakia sometime within the past week, according to a **Reuter** report from Ankara. The soldiers, dressed in the tropical helmets and high boots of the Afrikans Corps, were met at the port by staff officers. This landing brings German land forces into the Syrian desert to supplement Nazi aircraft, aviators, and technicians already there.

State of Siege Proclaimed

Further indications of war activity in Syria come from Vichy reports. A state of siege has been declared there and troops have been massed on the Iraq frontier. Telephonic and telegraphic communications with Egypt have also been suspended.

The evacuation of Crete by British forces during the week has prepared the ground for a German push elsewhere, probably against the British Mediterranean island of Cyprus, if not against Syria.

New Zealand and Greek defenders of Crete were overwhelmed by the hard-fighting wave of Nazi air-borne soldiers. Unable to withstand the German assault, more than 15,000 of them were finally evacuated to Egypt by the Royal Navy, after all the main cities, airports, and Suda Bay had been wrenched from their grasp. War weary and full of tales describing terrific Nazi dive-bomber attacks, they are being rested in preparation for use against the anticipated German drive for Suez.

Following the collapse of British resistance in Crete, the big and little conquerers, Hitler and Mussolini, met at the Brenner Pass for five hours on June 2, probably to plan a future course of action. Since such meetings in the past have usually preceded some new Axis move, observers anticipate a drive against, Egypt, Cyprus or British forces in Iraq.

Offsetting in part the loss of Crete is the re-occupation of all of Iraq by English troops, mainly from "East of Suez." The end of Iraq's resistance was reported from London with the announcement on May 29 that the rebel Iraq Premier, Rashid Ali Gailani, had fled to Iran. Fate of the Mosul and other oilfields there was not revealed.

From France come signs of increased animosity toward Britain. British planes bombed the Tunisian port of Sfax on May 29 and June 1, damaging the French ship Rabelais as well as an Italian troop transport. Following this attack, French newspapers denounced the English action and Admiral Darlan outspokenly announced that France's salvation does not depend on a British victory. Admiral Darlan further scored British attacks on the French merchant marine in recent months, declared the Sfax bombing a breach of international law, and hinted at reprisals.

Manchester Bombed

German bombers renewed their aerial attack against the British Isles with attacks on Manchester, England's textile manufacturing center, on June 2. Direct hits were scored on factories and civilian homes but fatalities were comparatively few.

Dublin, capital of the Irish Free State, also felt the force of Nazi explosives, this time on May 30. Thirty persons were killed there when stray bombs landed in populous sections of the city. They were probably intended for North Ireland which, unlike Eire, is at war with Germany.

Meanwhile an announcement of British war aims was made on May 30 by Anthony Eden, British Foreign Secretary.

Mr. Eden said that Britain is fighting for freedom of speech, freedom of religion, freedom from fear, and freedom from want—the same four freedoms earlier enunicated by President Roosevelt. He warned that the peace terms forced on Germany would be drastic because "Germany is the worst master Europe ever had and must never be in a position to disturb the peace of Europe again."

U.S. Calls More Men

From the United States come increased signs of war preparation. The American Navy issued a call for more men and lowered dental and height requirements for enlistment. Men between the ages of 17 and 50 will now be accepted for service. President Roosevelt also ordered the registration for military service of those persons who have reached 21 since the last registration. This will involve more than a million men.

Concrete aid to Britain will include the training of 8,000 British fliers annually, according to War Secretary Stimson. This number will probably be increased later.

Two notable speeches came out of the United States during the week. Secretary of the Interior Ickes stated that Americans will have to make stern sacrifices and revealed that the United States may be forced to restrict the use of electricity and oil products to conserve them for war needs.

The other statement was made by Secretary of State Hull in answer to Admiral Raeder's threat to torpedo American ships carrying supplies to Britain. He affirmed that Raeder's remark appeared to be some sort of threat to induce the United States to refrain from real efforts of self-defense if Germany gets control of the high seas.

Coincident with the return to America of the United States ambassador to England, came the rumor that he carries peace proposals brought to Great Britain by Rudolph Hess. Credence is given to the rumor because of the continued silence of the British Government concerning the sensational Hess flight.

EX-KAISER WILHELM DIES AT 82

Former Kaiser Wilhelm II of Germany died on June 4 at Doorn, in Holland, at the age of 82, after an illness of several weeks caused by an embolism of the lung. Death came following an unexpected relapse, so that only the ex-monarch's second wife, but none of his five sons, was present when he passed. The sons had come from Germany to Doorn when Wilhelm's condition took a turn for the worse, but returned to the Reich last week-end when he seemed on the road to recovery.

Held responsible by the Allied powers for the last world war, the ex-Kaiser lost his throne in 1918 when his revolting troops were crushed by Allied forces and a democratic reepublic was established in Germany. He fled to Holland and settled in the little village of Doorn, where he spent his remaining years.

Half Million Japanese Now Reside in China

A total of 506,000 Japanese subjects now reside in China, an increase of 86,000 over the last census figure, **Havas** reported from Tokyo last week. Of the total, 342,000 reside in North China, 133,000 in Central China, and 31,000 in South China.

'Free China' Manufactures Spindles For First Time in History of Land

BY A CONTRIBUTOR

For the first time in the annals of China's textile history, spindles (textile machinery) are now being manufactured in "free China." The serious problem of clothing China's teeming millions now and in the post-war years is thus nearing a final solution, thanks to the experiments that Mr. K. K. Yang, well-known Chinese mechanical engineer, has successfully concluded.

Few people who have not given serious thought to the problem, realize the gravity of the situation that has resulted from the great destruction done to China's textile industries since the outbreak of the Sino-Japanese hostilities in 1937.

Spindles in China

In that year the Geneva International Labor Office credited China with possession of 4,952,000 spindles. The report issued by the Chinese Cotton Mill Owners' Association the same year, however, told a different story. It stated that actually the Japanese mills in China owned 2,243,000 of these spindles. China had therefore actually less than 3,000,000 spindles.

In a review of the world textile position, the same source credited the United Kingdom with having roughly 60,000,000 spindles, the United States over 33,000,000 and Japan more than 10,000,000 spindles. Most of the spindles in America and those used in Japan are of British make, although the two countries are able to manufacture their own.

More than one-half of the total number of China's spindles are reported to have been destroyed since the outbreak of the hostilities. It is undeniable that most of China's textile machinery has become antiquated, and that at least 85 percent of her textile industries are situated in Shanghai and the Shanghai-Nanking and Shanghai-Hangchow railway areas.

The progress and expansion of a country's textile industries, as of other types of industries, is largely conditioned by its ability to manufacture its own spindles and machine tools. The fact that China has always relied upon foreign spindles for replacements is a sad commentary on the slow progress and expansion of her textile industries since the beginning of the present century. In fact the number of spindles in China has remained more or less constant since 1921.

Industrialists Keen

The successful experiment concluded by Mr. Yang has caused a stir among Chinese industrialists and financiers in "free China." They are beginning to see a new ray of hope in China's post-war textile rehabilitation. Given the necessary government leadership and encouragement, and general public support, the Chinese-made spindles will supply a new fillip to free China's textile expansion. A good start has been made. A number of new textile factories have been set up, and more are being planned under semi-official auspices.

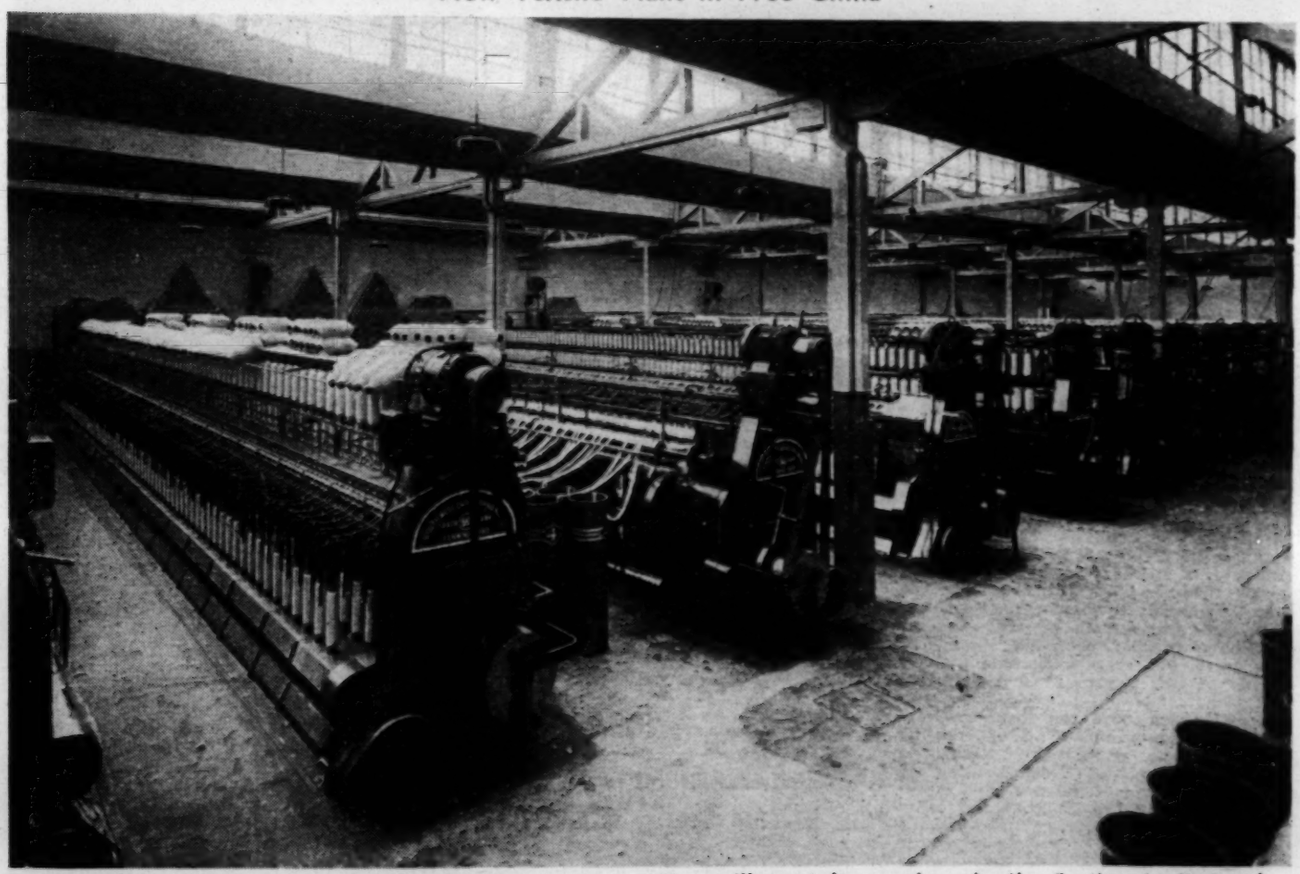
The evacuation of the textile plants from Shanghai, Wusih and Hankow when these cities were invaded, proved to be a most arduous task. It was handicapped by the absence of any organized effort on the part of the Chinese industrialists themselves. Some of the industrialists showed a dismal lack of foresight when there was still a chance to save and evacuate their industrial plants to escape seizure by the enemy. But even with the best of intention on the part of the government, the wholesale evacuation of unwieldy industrial plants by railway and by the insufficiently developed inland waterways, proved a physically impossible task.

Economics Ministry Formed

When the Chinese Government moved its seat to Chungking and decided to carry on the war of national resistance, it found the task of developing the country's industrial potential as urgent as that of reorganizing the fighting services. It was about this time, 1938, that the Ministry of Economic Affairs was formed and Dr. Oong Wen-hao was appointed to preside over it. The Chinese Government bent its efforts to reorganizing the various branches of China's national industries, or those that had been safely evacuated. The war would have been lost if this had not been done. Progress was necessarily slow, but thanks to the indefatigable spirit and untiring patience of Dr. Oong, visitors to free China may today see an increasing number of "chimneys" or factories, unmistakable proof of China's industrial rebirth. Dr. Oong plans to provide free China with a minimum of 500,000 spindles within the shortest time possible, in order to meet the growing public demand for textile goods.

Mr. Yang's successful experiments mean a great savings to the Chinese Government. By using Chinese-made spindles, it would cost about C$10,000,000 to establish a textile factory of

New Textile Plant in Free China



Picture shows a battery of speed frames in a new cotton mill erected somewhere in the Southwest. Designed by Kenneth K. Yang, well-known Chinese textile engineer, and built by the Southwest Engineering Works, these machines indicate the up-to-date character of the new plants going up in the interior of Free China.

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10,,000 spindles. A factory of this size has a capacity daily output of 25 bales of cotton yarn of the 20's count. If, however, it were necessary for the government to import foreign spindles, it would cause a heavy drain upon the country's financial resources. There is the difficulty of transporting 700 tons of textile machinery, packed into 3,000 boxes, by the Yunnan-Burma highway. Yet this is precisely what the government would have to do, if foreign spindles were imported to set up a textile factory of 10,000 spindles.

Big Business Reluctant

During the past four years Chinese industrialists and financiers have been reluctant to set up new textile factories. This has been due to the high cost of imported spindles. And when war broke out in Europe, the situation became even worse, as foreign spindles could no longer be imported in sufficiently large numbers, inasmuch as the European countries have been forced to keep themselves adequately supplied.

But even if "free China" could import spindles from abroad, her textile progress would necessarily be slow.

Up till now free China has depended largely upon the supply of textile goods produced in Shanghai. Government textile experts have pointed out that supplying free China with textile goods produced in outports is at best an expedient and will have a deleterious effect, in the long run, upon free China's industrial development.

The policy of the government to encourage the spontaneous growth of private and semi-official economic enterprises must be made to prevail. By making full use of Chinese-made spindles for the development of textile industries in free China, industrialists in Shanghai and elsewhere may be induced to fall in line with the other Chinese industrialists and financiers who are now engaged in promoting economic enterprises that are best calculated to promote and serve their own interests as well as well as those of the country and people.

A Great Triumph

The fact that this is the first time that a Chinese mechanical engineer has succeeded in manufacturing spindles is hailed as a great triumph for free China. It was Mr. P. T. Chen, Chief Secretary to the Ministry of Finance, who recently declared that the war between China and Japan had become a "currency war." Chinese industrialists believe that the war is also being conducted on the industrial front. Even if hostilities had not broken out, there would have been danger of the Japanese mills in China outstripping the Chinese mills in productive capacity. When, for instance, the number of spindles in Chinese mills increased from 889,000 in 1919 to 2,885,786 in 1933, the corresponding increase of spindles in Japanese mills in China was from 333,000 to 2,098,176. This represented an increase by six-fold in the number of Japanese spindles in China, as compared to the two-fold increase of Chinese spindles during the same period.

Japanese Advantages

The Japanese mills in China are favored by much larger capitalization, by their greater integration in the hands of a few firms, and the superiority of their equipment. Chinese mills are poorly equipped and their machinery is on the whole outmoded, while their method of financing is generally unsound.

It is pointed out by competent authorities that the textile industry has the best chance for development in China. Cotton is grown practically everywhere in China and the demand for cotton goods is almost unlimited in view of the teeming population.

Many previous experiments had been carried out in China for the purpose of manufacturing spindles, but unfortunately for the country, none of them proved successful. It was the prudent Mr. Chang Chi, one-time private tutor to President Yuan Shih-kai, who did much to promote China's cotton mills and iron foundries. He adopted the so-called duel policy of "cotton and iron," much as Mr. Toyoda had done in Japan. Mr. Chang Chi sought the advice and services of foreign technical experts in his experiments with spindle-manufacturing, but the plans were finally given up as hopeless.

Mr. Chow Hsueh-hsi, one-time premier of the Chinese Government, also did much to develop China's textile and cement industries. He also unfortunately failed in his efforts to manufacture spindles. He was, however, instrumental in founding the Chee Hsin Cement Factory, 1898, at Tangshan. This factory was and still is, the best known of its kind in the country.

Mr. Yang, the first Chinese to succeed in manufacturing spindles, passed through Kunming a few days ago en route to Chungking.

Not the Inventor

"No, I'm not the inventor of spindles," he said. He admitted, however, that it had taken him four years of painstaking work. "Like most Chinese mechanical engineers, I have been greatly handicapped in my work by the absence of a suitable working laboratory," he added. "Our spindles are built to the exact specifications of foreign models. You can find no difference between them in any respect."

Like most men of action and firm determination, Mr. Yang, so I find him, is a man of few words. He takes in any given situation at a glance, and is quick to formulate his views. He referred to the industries of Great Britain, the United States and Germany as "sources of their national strength," and also cited the more recent example of Soviet Russia to support his thesis.

Praise for Chiang

"We are fortunate in having Generalissimo Chiang Kai-shek for our

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national leader, for he is one of the greatest living statesmen in whom we can place our implicit confidence to lead us out of the present national travail," Mr. Yang said to me. Mr. Yang also outlined the post-war reconstruction problems and told me how the Chinese Government would try to cope with them.

He soon unburdened to me what he had been thinking: "If five percent of our people, especially industrialists and financiers knew what they wanted, they could change the face of the country," Mr. Yang said in his quiet manner. This statement from Mr. Yang made a deep impression upon his listeners. "Would that be easy?" I asked. "But we must get a good start now. If we have lagged behind other countries, we must get back to work and try to complete the task of national reconstruction in five instead of in ten years. After that the nation may take its recreation lying down." There was great forcefulness in these words, tempered with calm assurance, but I think it was due to the forcefulness of his strong personality. Mr. Yang had spoken out of conviction.

A Nation's Efforts

Under the leadership of Generalissimo Chiang, Mr. Yang said, the people in free China are drawn into great efforts. The nation, he declared, is feverishly harnessing everything to its service and erecting new factories on the sites of old ones. The conviction that this huge country, with its sparse population in the Northwest and Southwest, is capable of a development far beyond what is generally thought to be possible, is gaining ground among Chinese national leaders.

"History contains no record of any people being able to keep another in perpetual subjection," Mr. Yang continued, and "although some nations may be said to have a monopoly of conquerors, none can be said to have a monopoly of statesmen.

"Our civilization has now been swept into the great current of world commerce and industry. We must hurry to take our place in the life of the world and make our contribution to the common stream of life. Within the lifetime of the present generation we must see our nation grow to maturity in order that we may make our contributions to world peace and order and to the civilization of the human race," Mr. Yang concluded.

Kunming, May 15, 1941

American Pilots and Mechanics for China

The United States Army is now granting permission to expert pilots and mechanics to resign from the Army Air Corps to fly in China, according to a May 31 **United Press** dispatch from Washington. This action has been branded by Mr. Koh Ishii, a Japanese Government spokesman, as a "hostile act."

Arrangements have been made whereby combat pilots with a year or more of training, and graduate mechanics, are permitted to resign their army commissions and volunteer for service in China. They will retain their American citizenship and their army rank while working for Chiang Kai-shek but will be subject to recall by army authorities at any time, the dispatch said.

Domei Tangled Up

The new move, although denied by State Department officials according to a June 1 Domei news release, were later confirmed in Washington by the Japanese newspaper **Miyako**, and reported as true in a June 3 **Domei** release. The **Miyako** admitted that a large number of American pilots as well as airplanes are already on the high seas en route to Chungking via Rangoon.

The **Kuo Min**, Chinese news service, while telling of Chinese elation over the borrowing of American aviators and mechanics, states that the first group, already en route to China, will participate in the forthcoming Chinese general counter-offensive against the Japanese in both North and South China.

It further reveals that one batch of American military airplanes has already been transported to China via the Yunnan-Burma Highway, and has been sent to undisclosed air bases in the hinterland. Another batch of airplanes, whose number exceeds that of the first group, is also said to have left the Philippines en route to China.

800 First-Line Planes

Domei reports reveal that Chungking is planning to increase its Air Force to 800 first-line planes with the help of the United States. Included in this figure are 100 long-range bombers which the War Department has unofficially disclosed it is intending to transfer to China. These bombers will be accompanied by American pilots and technicians who will supervise construction of new air bases.

Japanese reaction to the loaning of American army aviators to Japan was expressed by Mr. Koh Ishii, Deputy Spokesman for the Cabinet Information Board. He stated that if such reports were substantiated, "it would be considered an unfriendly attitude toward Japan." He also seconded the declaration by Mr. Ken Tsurumi, Japanese Consul-General in Singapore, who was quoted by **Domei** as stating that "it would be a mere sentimental waste of men and material."

K.M.T.-Communist Friction Still Persists; Soong Resigns League

The China political front is witnessing another spectacular battle in discourse concerning Kuomintang-Communist cooperation. Those participating in this battle include newspaper editors, neutral and radical political observers, representative officials of the two parties concerned, as well as the Japanese.

A perusal of authoritative opinion, however, reveals that the present state of Kuomintang-Communist friction is not so serious as some quarters believe.

The Opening Shot

Revelation by a Chinese military spokesman that the 18th Group Army (the collective name of Communist troops after their incorporation into Government forces) had not participated in the Shansi battle up to May 29, was the opening shot in the renewed battle of words. The spokesman, it was said, made the statement on the ground of his failure to receive any reports from the Shansi front concerning contacts between the 18th Group Army and the Japanese forces, in spite of the fact that the Communist forces had previously assured the Chinese High Command they would fight.

A statement to the same effect was made on June 1 by Gen. Ho Ying-ching, Chief-of-Staff and War Minister, who, however, denied any necessity for "purging" Communists as rumored by certain political observers. He reiterated the pledge General Chiang Kai-shek made to the People's Political Council recently, that the Government would not launch a campaign to suppress the Communists.

Will Overlook Errors

General Ho was of the opinion that if the Communists obey orders, carry out the national policy of resistance and repudiate past illegal activities—he described these as consisting of attacks on Central troops, refusal to obey Chungking orders and issuance of their own currency—the Central Government would overlook all past "errors and blunders." The Government, according to General Ho, was forced to keep a number of its best troops on guard against a possible Communist attack.

Vigorously denying the Communists' accusation of his being pro-Japanese, General Ho told the **United Press** that "When I was in North China from 1933 to 1935 I had a good chance to be pro-Japanese. The Japanese were then anxious for China to sign an anti-Communist pact. They offered me attractive terms: abolition of all Japanese concessions in China and cancellation of the Boxer Protocol provisions on condition that China agree to joint defense of North China against Communism.

"I refused to consider this because Japan, under the pretext of being anti-communist, wanted to interfere in the internal affairs of China and foster an attack on a friendly power," General Ho declared.

Chow En-lai, chief Communist liaison officer with the Chungking Government, on June 1 refuted charges by the Chinese military spokesman. Testifying to the 18th Group Army's actual participation in the Shansi battle, Mr. Chow cited an official Central News Agency report as a proof. The report stated that Chinese troops in northeast Shansi, and along the Pingsui, Pinghan and Chengtai railways, were fighting. These troops, Mr. Chow opined, apparently were units of the 18th Group Army, although Central News was not allowed to mention the exact names of the units.

Mr. Chow further declared that "I can state with authority that the 18th Group Army dares to accept the challenge and engage in a life-and-death struggle so as to frustrate the Japanese plots to come across the Yellow River."

The **Ta Kung Pao**, influential paper published in Chungking, in an editorial on May 23 urged the Chinese Communists not to indulge in the wrong belief that should the center of the present national structure fail, another center can be established whereby a new mode of national structure can be organized. Such a viewpoint, according to the paper, could not be held if the following facts were taken into consideration, viz., the present stages of Sino-Japanese strategy, China's national strength, and the current world situation. The paper asserted that China now has the first opportunity for reconstruction since Sept. 18, 1931, when the first Japanese soldiers, invaded Mukden. The paper finally remarked that should the present national center collapse it would be tantamount to the destruction of the whole nation. Therefore, the Communists must support the only national center at the moment—the National Government in Chungking, the paper added.

Japanese Interested

Japanese quarters last week were utilizing all available facts to intensify their version of the Kuomintang-Communist split. A typical **Domei** report from Nanking, dated May 30, claimed that Kuomintang-Communist cooperation is just like "two persons having different dreams in the same bed." The same report also alleged that during the current fighting in southern Shansi, the 18th Group Army looked on "with folded arms."

The same view was expressed by Lieut.-Col. Kunio Akiyama, Japanese Army spokesman in Shanghai, who simply denied on May 29 Chinese claims that the Communists attacked the Japanese forces in Shansi province. On the contrary, growing friction between the two parties, mounting since the signature of the Russo-Japanese neutrality pact April 13, flared up with the progress of the Japanese operations launched in southern Shansi, another Domei report claimed.

Further indicative of the friction between the Kuomintang and the Communists was the action of Mr. T. V. Soong, head of the Bank of China, in resigning from the presidency of the China Defense League, an organization in Hongkong which has interested itself in the needs of the Communist armies. In a telegram to Mrs. Hilda Selwyn-Clarke, the honorary secretary, on May 28, Mr. Soong declared:

"When I accepted the presidency of the China Defense League, it was with understanding that the league would devote itself to securing material assistance from friends at home and abroad for the fighting forces of China and for the civilian victims of Japanese aggression." Mr. Soong felt that the League should not become an instrument of internal political partisanship and regretted that it had been publishing statements of such a nature in its official news-letters without any previous consultation with Mr. Soong.

The China Defense League publishes a bi-weekly bulletin prepared in both English and Chinese. Aside from naming Hilda Selwyn-Clarke as the League's honorary secretary, the publication lists Mr. T. V. Soong as its president, Mme. Sun Yat-sen as chairman, and M. C. Tang and N. H. France as honorary treasurers. Some of the news-letters published by the paper recently adopted a critical attitude toward the Government and protested against the recent suppression of the New Fourth Army.

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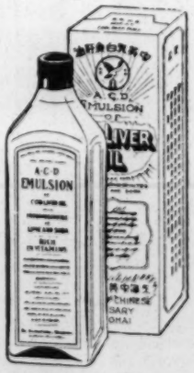

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Fundamental Values Proclaimed by Pope

Three fundamental values of social and economic life were proclaimed by the Pope on June 1 in a radio broadcast from Vatican City on the occasion of the 50th anniversary of the publication of Pope Leo XIII's **Rerum Novarum** encyclical, or workers' charter.

National economy, he said, had no other end than to secure without interruption the material condition in which the life of a citizen might fully develop.

Arguing that economic riches of a people did not properly consist in abundance of goods but in the fact that such abundance represented and offered a material basis sufficient for the personal development of its members, the Pontiff asserted that national economy should become the guide for the efforts of statesmen and people to enlighten them to walk spontaneously along the way which does not call for continual exaction in goods and blood but would give fruits of peace and general welfare.

After stressing that in the family a nation found the natural roots of its greatness and power, the Pope said if today conquest and creation of vital states was the center of social and political aims, should not one, before all else, think of the vital state of the family and free it of fetters of conditions which did not permit even the formulation of the idea of a homestead of one's own?

The right of the family to vital space was recognized. When this happened emigration would attain its natural scope—a more favorable distribution of men on the earth's surface—suitable colonies of agricultural workers—that surface which God created and prepared for the use of all.

After dealing in detail with the settlement of families on land, the Pope said: "These are principles, concepts and forms with which we should even now wish to share in the future organization of that new order which the world expects and hopes will arise" from the present turmoil.

Concluding, the Pope said: "When the ruins of this world hurricane are cleared, the outset of the reconception of a new social order will infuse new courage and a new wave of profusion and growth in the garden of human culture. Keep burning the noble flame of brotherly and social spirit, which 50 years ago was rekindled in the hearts of your fathers by the illuminating torch of words of Leo XIII.

"Do not permit it to die for lack of nourishment. Carry it wherever the groan of suffering, lament of misery and cry of pain reaches you. 'What you have done to the least of my brethren you have done unto me.'"

Chungking Impressed by U.S. Envoy's Speech

An enthusiastic welcome was accorded by the Chungking press to the speech delivered by Mr. Clarence E. Gauss, new United States ambassador to China, when he presented his credentials to President Lin Sen of the Chinese National Government on May 25, **Havas** reported. The **Ta Kung Pao** said the speech showed the determination of the United States to become a "vast factory" and to aid China in her fight for freedom and justice.

Mr. Gauss declared: "We take pride in the fact that China and the United States espouse a common cause and have become friends in need. We share the conviction that the principles Chinese and Americans maintain and uphold are destined to prevail."

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U. S. Requisitions President Ships Engaged in Far Eastern Service

American trans-Pacific passenger service was halved this past week when the United States Government requisitioned 13 ships, four of them President liners well-known in Shanghai.

To meet the demand for additional Government military auxiliary vessels, the United States Maritime Commission on May 28 commandeered 13 vessels totaling 200,000 tons. Affected by this sudden move were the 1921-built American President liners President Taft, President Pierce, President Jackson, and President Adams.

The America Taken Over

In addition to these Pacific-plying steamers, the Government took over the recently-launched 27,000-ton West Indian liner America; the American Export Line cargo-carriers, Executor and Exporter, newly built for use on the India run; the Matson-owned Hawaiian Packer and Hawaiian Shipper; and five other ships belonging to the Moore-McCormic Lines, the United Fruit Lines and the Atlantic, Gulf and West Indies Lines.

Requisitioning of the President Pierce and the President Taft leaves only the President Cleveland and the President Coolidge as American-owned passenger vessels operating on the trans-Pacific run.

Even these ships, however, may soon be commandeered by the United States Navy for use as auxiliary vessels. A member of the United States Maritime Commission has already announced that requisitioning of the Cleveland and Coolidge has been ordered. Although this creates a definite shortage in the trans-Pacific shipping service, a spokesman for the President Lines promised that it would soon be alleviated.

Round-the-World Ships

He stated that the company is planning to use fast round-the-world ships for a bi-weekly trans-Pacific service. He further stated that the company is constantly acquiring every available additional foot of tonnage through charter or purchase and pointed out that the requisitioned ships are old vessels, two of which were scheduled to be replaced by liners already built or in the process of building in American shipyards.

A further move by the United States Government to acquire needed tonnage is the bill passed by Congress which authorizes the administration to take over about 80 foreign merchant vessels now tied up in American ports, either through purchase or requisition. These ships will be used as military auxiliary vessels, loaned for operation to private shipping lines, or given to Britain to replace depleted trans-Atlantic tonnage.

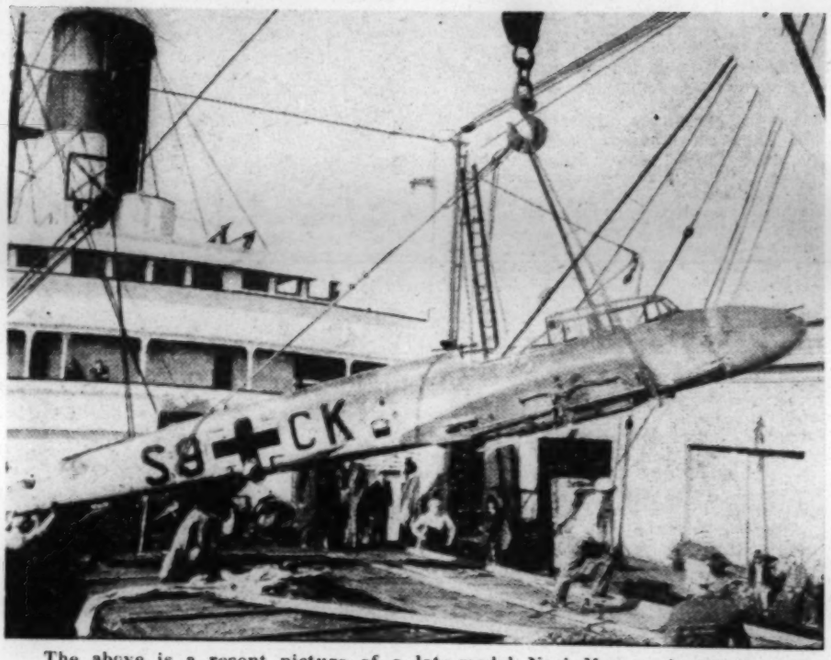
Mass production of ships in the United States, similiar to that engaged in during World War I, was in view this week with the placing of contracts for the construction of 123 merchant vessels. This raises the total number of merchant ships now under construction in the United States to more than 750. Included in this figure are 60 bottoms ordered by England, 312 for the "aid Britain program" and 72 tankers for the Maritime Commission.

Standard Designs

All 123 of the latest contracted ships will be built to standard designs, ranging in displacement from 5,000 to 7,700 tons. They will have a speed of between 14 and 16.5 knots and will cost approximately U.S.$312,000,000.

Meanwhile, the Conte Rosso, pre-war Shanghai-caller, was sunk by the British, according to an official High Command announcement. The 17,879-ton Italian vessel was lost in a convoy south of Syracuse while acting as a troop transport.

Americans Get a Messerschmitt



The above is a recent picture of a late-model Nazi Messerschmitt 110 ngnting plane, which was shot down in England. Some time ago the Vultee Aircraft Company, whose plant is in Downey, Cal., near Los Angeles, made an application through the State Department for a late model Messerschmitt, which had been shot down over England. The British complied and Los Angeles received a thrill when a real German plane was unloaded there. The Vultee engineers have announced their intention of taking the Nazi plane apart and studying it piece by piece to find how it stacks up against American fighting planes.

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Shansi Battle Features News from China War Front; Chinese Withdraw from Chungtiao Mountain Range

The month-old battle in southern Shansi last week continued to hold the China war spotlight despite the fact that its scale and intensity have declined. The Chinese forces fighting in the region claimed to have launched sporadic attacks against various Japanese outposts, apparently trying to prevent Japanese consolidation.

All other war fronts remained comparatively quiet following Japanese "strategic withdrawals" from Waichow in Kwangtung and Chuki in eastern Chekiang the week before last. The Japanese air force, however, resorted to intensive attacks against towns and cities in Free China well as various war fronts.

Mobile Tactics Adopted

With the withdrawal of the bulk of the Chinese forces from the Chungtiao mountains, fighting in southern Shansi entered a new phase, with all Chinese troops, including regulars, adopting mobile tactics in operations north and west of the great range. Chinese troops are at present engaging the Japanese along the Yicheng-Tsinshui, Yangcheng-Tsinshui, Tsiyuan-Yuanchu and Henglingkwan-Yuanchu highways, according to **Kuomin** report from Loyang. The Chinese have also disrupted Japanese communication lines along the Peiping-Hankow, Peiping-Suiyuan, Tatung-Puchow and Chengting-Taiyuan Railways and are harassing Japanese transportation, the same report said.

According to reliable sources, most of the Chinese forces withdrawing from the Chungtiao mountains have safely reached the southern bank of the Yellow River. The official **Central Daily News** in Chungking claimed that the Japanese positions in the Chungtiao mountains "were not firm and their collapse was expected at any moment." Chinese artillery units on the southern bank of the Yellow River were reported to have incessantly bombarded the Japanese positions at Nanchwang, east of Maotsintu in southern Shansi.

Victory Claimed

Japanese reports carried by **Domei**, however, claimed that the Japanese forces had scored another victory in scattered engagements centered around Changtzehsien in southeast Shansi. A large number of Chinese troops operating in the region were claimed encircled. Japanese field dispatches meanwhile claimed to have captured 20,000 Chinese prisoners since the Japanese drive opened in southern Shansi.

Havas report from Chungking dated May 30 speculated that the Japanese may attempt to cross the Yellow River and head south, as the threat against the Japanese flank has now practically disappeared. The present artillery duel across the river, continued the report, may well be the forerunner of such an attempt. The same report also observed that the Japanese may attack Szechuan province from four directions: 1. via Shansi, passing through Sian and Hanchung towards Chengtu; 2, from Ichang, along the Yangtsze River; 3 via Hunan and Kweichow; 4, via Yunnan. The report said however, that each of these routes is fraught with difficulties from a geographical viewpoint.

The Chinese official **Central Daily News**, in a leading article on May 31, opined that the Japanese summer offensive on four fronts, viz. Chekiang-Fukien coast, southern Honan and northern Hupeh, southern Shansi and eastern Kwangtung, had resulted in a fiasco. Most of the Japanese troops operating in these battle regions were driven back to their original positions. After giving a detailed analysis of the abortive Japanese drives along the four fronts, the paper concluded that "the failure of the Japanese summer offensive proves Japan is unable to penetrate further into the interior of China and does not possess sufficient strength to move in the southern Pacific."

Battle of Fukien

Aside from the Shansi battle, several minor field engagements were also reported from the Fukien-Chekiang battle front. Quoting the official **Central News Agency**, a **United Press** report from Chungking on May 27 said that the Chinese troops in Chekiang had reached a point six miles south of Hsiaoshan, across the Chientang River opposite Hangchow, while other Chinese units on May 25 recaptured Shangyu, between Hangchow and Ningpo. Shangyu was retaken after 24 hours of severe fighting, the report added. **Domei** semi-official Japanese news agency, on the other hand, also reported on June 2 that several Japanese detachments were launching attacks against Chinese forces concentrated in Kashan, Kashing, and Pinghu, in the northern section of east Chekiang. The Japanese claimed to have made favorable progress.

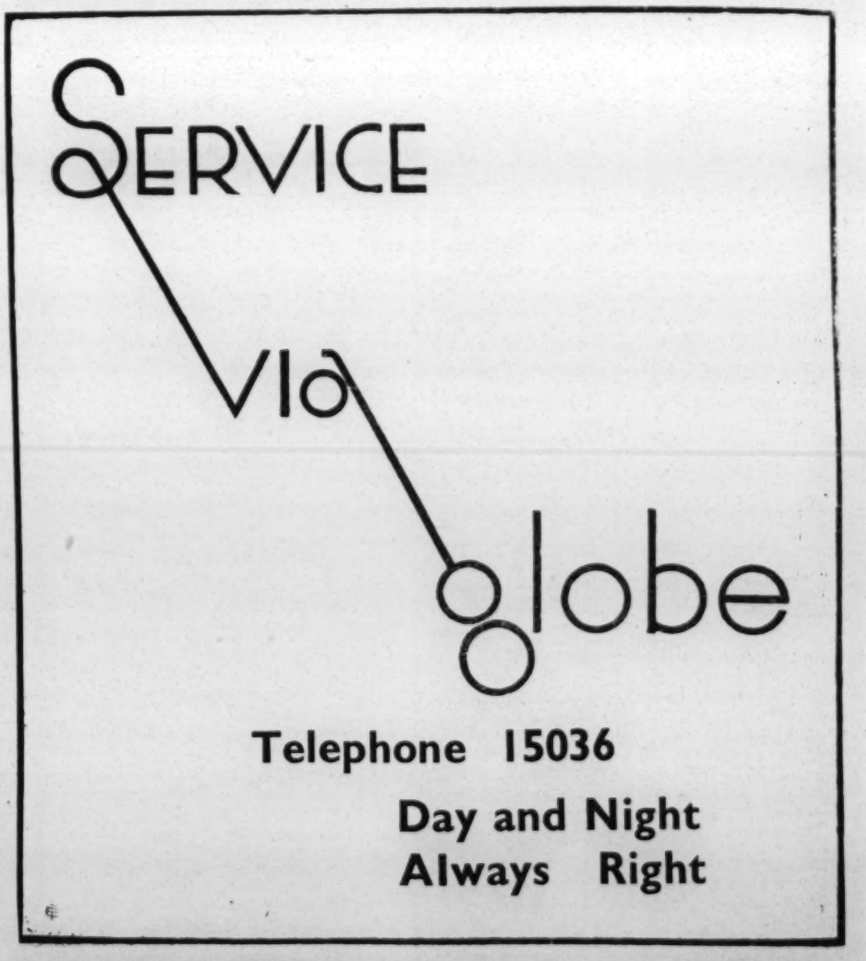
The battle for the control of Foochow, provincial capital of Fukien, was still in full swing last week as reports from either side claimed success in the fighting. **Domei** report emanating from Foochow claimed that the Chinese attempt to recapture Foochow had been frustrated when nine Japanese detachments swung into a counter-offensive northwest of the city. Chinese reports, on the other hand, also claimed to have successfully repulsed the Japanese counter-attack on Hsuehfengshan, northwest of Foochow and recaptured Tahu on May 31. The Chinese forces claimed to have also reoccupied Chukung, north of Lienkong.

New Japanese Landing

Kuomin report from South China last week revealed another Japanese landing which was staged near the mouth of the Si Kiang (West River) on May 31. Although the exact number of the Japanese forces landed was still unknown, heavy fighting was reported to be raging at Kutsing, on the eastern bank of the Si Kiang; Wongchung, southwest of Kutsing; and Chikkai, at the mouth of the Si Kiang. The Chinese garrisons at thees points are fiercely fighting the invaders, according to **Kuomin**.

Japanese Subjects to Get a Towel Apiece

In the middle of this month each Japanese subject (in Japan) will be permitted the privilege of purchasing one cotton towel, the Japanese newspaper **Kokumin** reported last week. Hitherto cotton towels have been rationed at the rate of three per year to households of five members.



Chungking Honors The Ta Tung Pao

In celebration of the honor bestowed upon the **Ta Kung Pao**, influential Chungking newspaper, by the Missouri School of Journalism, 200 members of the Chinese Press Association gathered at the Kuomintang party headquarters in a special meeting at Chungking on May 15. The American university conferred a medal on the newspaper on April 18, for "distinguished service and continued publication despite terrific hardships."

After thanking the Association for the celebration, Mr. Chang Chi-lan, editor of the **Ta Kung Pao**, stated that the medal should have been presented to all Chinese journalists instead of a single daily.

The Chinese Press Associated then sent a special cable of thanks to the Missouri institution, expressing hope for cooperation in attaining the eventual triumph of liberty and justice.

A telegram was also sent to Chinese journalists in Shanghai stating that "honor should go to our colleagues who have sacrificed the comforts of home and relatives and endangereed their lives in occupied zones, especially Shanghai. and whose sacrifice was made for the sake of justice."

Later, the **Ta Kung Pao** editorially wrote that honors should also go to the soldiers who are heroically defending the front lines, Chinese journalists who have sacrificed their lives during Japanese bombardments, and other journalists who are at present working in dugouts in the rear.

Congratulations were expressed to Chang Chi-lan by Sir Archibald Clark-Kerr, British Ambassador to China. He wrote that he felt the award was "well deserved."

The following day, at a May 16 reception in Chungking, Mr. Chang Chi-lan delivered a speech in which he said that the key to success in journalism was "to prepare for criticism."

He noted that the **Ta Kung Pao** has always criticized the Central Government when it saw fit but does so in Chungking and not from a foreign country. In response to this, Dr. Wang Shih-chieh, Minister of Propaganda, representing the Chinese Government, pledged that the latter would continue to respect the independence and freedom of the **Ta Kung Pao.**

Chinese Journal Honored

Journalists at Chungking, China's wartime capital, do honor to the editors and staff of the Ta Kung Pao, famous Chinese newspaper, which was awarded the 1941 Medal of Honor for distinguished journalistic service, by the School of Journalism of the University of Missouri. Those who participated in the Chungking function included members of the Institute of Chinese Journalists, the Chungking Press Association and the Missouri Alumni Association. Standing in the center is Mr. Maurice Votaw, Professor of Journalism at St. John's University, Shanghai, a graduate of the Missouri School of Journalism. Standing on the right of Mr. Votaw is Mr. Pan Kungchan of the Ta Kung Pao, and on the left of Mr. Votaw is Mr. Chang Chi-lan, editor of the famous Chungking paper.

Utility Surcharges Given New Boost

Additional surcharges on electric light and power supplied to Settlement consumers by the Shanghai Power Company, and on water supplied by the Shanghai Waterworks Company, were sanctioned last week by the Shanghai Municipal Council, together with proposals of the Shanghai Gas Company for curtailment of supply to consumers of gas.

The additional power and light surcharge is to be 50 percent, based on an exchange rate of US$5.25 equals Ch.$100 and adjusted upward or downwar depending on exchange movements. It will apply to basic rates only. In other words, surcharges previously in force will not be taken into account in computing the new surcharge.

In the case of the water supply, consumers will henceforth have their bills surcharged 250 percent instead of 110 percent as hitherto.

Check on Gas Consumption

Provided its supply of Kailan coal and oil fuel are maintained at present levels, the Shanghai Gas Company expects to be able to meet demand equal to last year's consumption, but to protect existing consumers against an increase in demand which may act to their detriment, the Company has been authorized:

1. To refuse with effect from June 1, 1941, all applications for new industrial supply and also applications for new domestic supply where a change from some other fuel to the use of gas is desired for reasons of economy.

2. To limit with effect from consumption periods commencing on and after June 1, 1941, the monthly consumption of gas by any consumer to a quantity not exceeding that consumer's consumption during the corresponding consumption perior of 1940 where it is not practicable to reduce consumption with reference to the corresponding consumption period of 1940 consumption will be limited with reference to the preceding consumtion period in the current year, or where this too is not practicable, to the Company's reasonable estimate of requirements having regard to the number of persons in the household and/or the appliances used; any consumption of gas in excess of such limit to be charged for at from two to four times the prevailing rates, and these added charges will be credited to a Reserve Account and utilized for the benefit of consumers.

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Japanese Recover Loot in Huge Robbery at Central Post Office

Details of Shanghai's $2,500,000 Chinese Post Office robbery are still not entirely clear following Japanese seizure in Hongkew of the Japanese and Chinese ringleaders of the daring theft.

The robbery, occurring at 9.45 a.m. on May 31, was carried out by two unarmed men, one an alleged former civilian employee of the Japanese Army, Nonomura, and a notorious Chinese underworld character, Liang Chen-kwang. They decamped to Hongkew with the $2,500,000 loot, taken from a post office truck standing in front of the head post office located at Szechuen and North Soochow Roads, after Chinese government employees complied with their order to transfer the ten packages of money to their waiting Japanese hire car. This was done in full view of a large crowd of people, most of whom did not realize what was happening. Once the robbers reached their temporary sanctuary in the Japanese-controlled area, they abondoned the borrowed car which was later found by the Japanese gendarmerie.

Whole Sum Recovered

Within 36 hours after the crime occurred, the Japanese gendarmerie authorities recovered the entire sum of cash and arrested the two principals in the daring robbery at Nonomura's home on Scott Road. It was learned from them that the whole affair was an "inside job," and involved a large number of persons connected with the money order department of the post office.

Japanese officials have announced their intention of returning the $2,500,000 to the postal authorities when final investigation is completed. The money was being sent to Shanghai by the Chungking government from Hongkong for the purpose of balancing overdrafts carried by the post office here and at several other nearby cities.

Killings Still Rife

First member of the Western Area Special Police to fall victim to an assassin's bullet was the 50-year-old senior Chinese police detective, Ying Tsuan-ching. Detective Ying was shot in front of his home at Lane 11 Wenchow Road by several Chinese gunmen who fired six shots. Three bullets struck the victim, while a stray shot fatally wounded Mao Yi-pu, a Chinese office clerk who was returning to his home. Both men died almost instantly. Ying, until a year ago, was a member of the Shanhgai Municipal Police force. He resigned when the new police body was being formed.

Another victim of terrorists this week was Chang Yi-ping, assistant editor of the **Shun Pao**, who was abducted in front of his home on Rue Voisin on May 28. Mr. Chang, is believed to have been kidnapped by Nanking or Japanese agents. He was generally known to be a strong advocate of war against Japan.

Nanking Man Dead

Another assassination occurred when Wang Yue-sun, alleged propaganda leader of the Nanking regime, was shot to death by two unknown Chinese gunmen. Mr. Wang was murdered on the morning of June 3 while sleeping in his home at Lane 123, House 66, Rue Porte de l'Est. Chinese gunmen, pretending to be the victim's friends, persuaded a servant to let them enter his room in order to talk business. Once inside, they fired three shots into the sleeping man and fled.

A Japanese sentry on duty at the M.B.K. wharf in Pootung shot and seriously wounded a Chinese boatman on May 28. The boatman was allegedly attempting to lift cargo deposited on the wharf. He was taken by other boatmen to the Lester Chinese Hospital for treatment.

Girl Held in Brothel

A victim of Japanese civilian avarice was a 13-year-old Chinese girl held in a Japanese brothel for five months. The girl, according to her story, was trapped into entering the Japanese brothel by three Chinese women who were her neighbors and pretended to be taking her to a job in a cotton yarn factory. She was unable to leave the brothel for five months, up to the time she managed to escape on May 19.

Because of the difficulty in keeping peace and order in Japanese-controlled Hongkew, the Japanese Consular Police opened a police branch station on Tiendong Road on June 2. It is hoped that this new station will help curb the lawlessness which is flourishing in the Japanese-held section of Shanghai.

SHANGHAI

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L. M. Pharis,
Vice-President and General Manager

Guerrillas Blow Up Train Near Soochow

Despite increased vigilance by Japanese guards along the line, Chinese guerillas succeeded last Saturday in blowing up a train of the Shanghai-Nanking Railway, completely wrecking the locomotive and a third-class coach, the **North-China Daily News** reported. The blast, which occurred near Soochow at night, caused an unknown number of casualties and damage was so great that traffic was blocked for 15 hours, the report said. Guerrillas got to the line through four strands of electrically-charged wire and laid the charge.

The French **Havas** agency reported from Tokyo that on May 21 a bullet fired from a rifle by someone in the fields, passed through a second-class coach window of a Tokyo-Kobe train, but without causing damage. The incident, which occurred a few minutes after the train pulled out of Kyoto, caused considerable concern because among the passengers was Admiral Toyoda, Minister of Commerce, and Admiral Godo, former Minister of Commerce.

Chinese Trading Concerns Due for Amalgamation

With a view to unifying and coordinating China's foreign trade, the Fu Hua Co. and the Fu Hsing Co., both derivative organizations of the National Foreign Trade Committee (which is about to be converted into a Trade Ministry), are to be amalgamated this month, **Havas** reports from Chungking. The new company will be known as the Fu Hsing Co. Its board chairman will be Finance Minister H. H. Kung, with K. P. Chen, prominent Chinese banker, as vice-chairman. The manager will be Tung Cheng-tao, present director of the Fu Hsing Company. The Fu Hua Company, which is to disappear in the merger, has been handling the export of silk, pig bristles, wool and chemical products, while the Fu Hsing Company handled tung oil exports.

Hitler Gets Fancy Portrait from Japan

Chancellor Hitler will henceforth be able to gaze at a life-size portrait of himself, worked in Japanese embroidery. The portrait, mounted in a frame six feet by five, was presented to the German fuehrer, through the German ambassador in Tokyo, by Shiro Kido, director of the Shochiku Motion Picture Company, **Havas** reported.

Mission Buildings Wrecked; British Embassy Struck in Chungking Raid

Two direct hits were scored on America Methodist Mission property in Chungking, this week, during an 18-plane Japanese bombing raid on China's capital.

According to a **United Press** dispatch, a two-mile area in the heart of Chungking was plastered with heavy 500-pound Japanese bombs on June 1. In the course of the attack, two of the bombs landed squarely on Methodist hospital buildings, destroying major units of the oldest hospital plant in the city. One of the bombs penetrated to the ground floor of the women's and children's wing of the hospital, demolishing the entire building. Another 500-pounder caused great destruction in the men's wing when it scored a direct hit.

Huge Property Damage

There were no casualties from the hits because the hospital staff and patients had sought shelter in the bomb-proof dugout underneath the buildings. Property damage was estimated to reach well over a million yuan, however.

The hospital contained 250 beds and was built in 1902.

In addition to wrecking the hospital, Japanese bombers inflicted heavy damage on the Chungking peninsula, between the Yangtsze and Chialing rivers, and the Kiangpei industrial district on the north bank of the Chialing river. Bombs also demolished the popular Russian-owned "Moscow Restaurant" and the "Co-Capital Bazaar."

Again on the following day, June 2, Japanese planes bombed Chungking for three hours, this time demolishing British Embassy buildings, the French Catholic Church of Our Lady, the French Consulate, and numerous Chinese buildings in the western downtown section and the Kiangpei area. Unofficial estimates of the casualties reached 300 killed and as many more wounded, the highest figure of the year.

Two Bombs Find Mark

Six bombs, one of them of heavy caliber, exploded in the British Embassy compound, damaging the office of the British Ambassador, Sir Archibald Clark Kerr, staff residence, and the house occupied by the Chinese Counsellor of the Embassy, Sir Arthur Blackburn, and Lady Blackburn. The Embassy staff, by seeking refuge in the Ambassador's private dugout, escaped injury.

The French Catholic Church of Our Lady, which was the only unscathed Catholic church in Chungking, was demolished by the Japanese bombing attack. Five hundred persons attending the Whitsun mass when the raid started, fled to refuge in dugouts. The church was destroyed after the congregation had dispersed.

Twenty-seven Japanese planes participated in the second attack on Chungking. No official estimate of the number killed is yet available but it is reported that 22 persons were blown to bits in one spot when a heavy caliber bomb struck the entrance of a poorly-constructed dugout.

Axis Get-Together in Berlin

Good "Aryans" get together when the Japanese Ambassador to Germany Gen. Hiroshi Oshima, was entertained at the country home of German Foreign Minister, Joachim von Ribbentrop (right foreground)—Chicago Daily News Photo.

Inner Mongolian Puppet Regime is Reorganized

Following the recent visit to Tokyo of Prince Teh, puppet chairman of the Federated Autonomous Government of Inner Mongolia, a "sweeping reorganization" of that government is taking place, **Domei** reported from Kalgan on May 30. In addition to the existing seven departments of government, a new department is to be created to handle foreign policy and propaganda "as well as thought and cultural problems," the agency said. The new organ was referred to as a "national mobilization" or "total strength" commission.

Nanking-Tokyo Plane Service Inaugurated

Direct air service between the puppet capital of Nanking and Tokyo was to have been inaugurated on June 1. Previously, Shanghai was the terminus of China-bound planes of Dai Nippon Airways, the Shanghai-Nanking service being run by the China Aviation Company. Daily service will be operated both ways, with intermediate stopovers at Shanghai and Fukuoka. The trip between Nanking and Tokyo will occupy seven hours.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

May 18

Pravda, leading Soviet organ, prominently displayed a New York dispatch citing that reliable Japanese circles in Japan had proposed that the United States mediate the Sino-Japanese war and that Nippon offered to withdraw troops from China's interior if the U. S. would recognize Japan's dominant position in Asia, according to **United Press** report from Moscow. Government sources in Washington, however, regarded such peace proposal as "trial balloon."

The **Washington Star** said editorially "evidence is accumulating that the Far East may soon see political and diplomatic shifts as startling as those transpiring in Europe." The editorial said evidence indicated that Russo-Japanese neutrality treaty contained secret clauses which may lead to co-operation between Chinese Communists and the Wang Ching-wei regime.

Chow En-lai, chief Communist liaison officer with the Chungking government, categorically denied that Eighth Route Army units were fighting against Central troops in the Shansi-Honan area, as alleged by the Japanese.

A nation-wide celebration of "China Week" was officially opened in the U. S. when 14 state governors and 200 mayors of leading cities issued proclamations urging Americans to support the campaign by the United China Relief to raise $5,000,000 for relief and economic rehabilitation of China, **United Press** reported from Washington.

According to the official **Central Daily News,** Chinese and Soviet authorities have reached an agreement in principle for a further extension of the Sino-Soviet barter agreement.

Japanese military operations in southern Shansi and northern Honan provinces are entering the "final stage of extirpation of the enemy," according to Tokyo's **Asahi** newspaper. Generalissimo Chiang Kai-shek's forces, the paper continued, have suffered a terrible defeat in the battle of Chungyuan.

Chinese counter-attacked successfully in the area south of Chuki in eastern Chekiang. Japanese troops at Weishan,, southeast of Chuki, and Suki, south of Chengkiawu, have been been routed according to **Kuomin.**

Domei reported that formations of Japanese army aircraft subjected Sian, Shensi province, to an intensive aerial attack, inflicting severe damage.

⁂

May 19

Chungking authoritative sources described Japanese efforts to interest the United States in mediation in the Sino-Japanese hostilities as propaganda designed to confuse the international situation and delay American aid to China. These sources reiterated that China would never discuss peace until every Japanese soldier has departed from China and Manchuria.

Domei reports claimed that the Japanese operations in Shansi now entered the second stage. **Reuters** report from Japanese-controlled Peiping, however, said that the present Shansi operations are not a walkover as claimed by the Japanese, and heavy fighting is going on in the eastern section. The Japanese, the same report said, officially admit using "considerable" forces, which are reliably estimated at about 120,000, or eight divisions, of which two are reported to be from south Manchuria.

After several days' sanguinary fighting, Japanese troops operating along the Chekiang-Kiangsi Railway south of Chuki, in eastern Chekiang, have been repulsed by the Chinese and forced to retreat toward Anfow, **Kuomin** said. The fall of Foochow into Chinese hands is also expected as the Chinese were reported to be pressing closer on the northwestern suburbs of the city. Chinese troops in the Pengtseh area, northern Kiangsi, were also reported to have successfully repulsed a southward drive by the Japanese and recaptured a number of strategic points.

Domei report from Nanking claimed that Chungking circles regard the non-cooperation of Chungking's central forces and Chinese Communists as one of the basic reasons for the current Chinese failure on different war fronts, where the Chinese Communists have been harassing and attacking Chungking forces wherever possible.

Japanese planes bombed Sincheng, 60 kilometers southeast of Chuki in eastern Chekiang, and Poyang on the east bank of Lake Poyang in northern Kiangsi.

⁂

May 20

Chinese forces swept back into the strategic Chekiang province city of Chuki at 3 p.m. after the main Japanese force comprising more than 10,000 men had been crushed south of the city, according to Chinese official communique. Japanese casualties in this battle were estimated at 4,000 men.

Chinese units were still holding out in the Chungtiao and Taihang mountains in south Shansi, while those defending the northern edge of the ranges had shifted their base to more favorable terrain, according to Chinese military spokesman.

Tokyo authoritative sources and a spokesman of the Press Section of the Japanese Expeditionary Forces in China both denied reports that Japanese circles had proposed the **United States** mediate the Sino-Japanese war. The **Kokumin** asserted editorially that the continuation of military drives in China was the only way open for Japan to attain a satisfactory solution of the China Affair.

The Deputy Spokesman of the Japanese Information Board said he expected Germany's and Italy's recognition of the Wang Ching-wei regime in China, although the time is still indefinite.

Having no time to take off, a passenger plane of the China National Aviation Corporation near Suifu was bombed by the Japanese aircraft which attacked Senshan and Ipin in southern Szechuan. The ship was slightly damaged. Three Americans in the plane, Pilot H. L. Woods, veteran China flier and native of Winfield, Kansas, and Dr. and Mrs. Robert Ellsworth Brown, of Ann Arbor, Michigan, well-known China medical missionaries, escaped unharmed. One Japanese plane of the Boeing type was shot down by Chinese anti-aircraft guns while flying over Chengtu, according to **Kuomin.** Chungking was reported to have experienced the year's longest air-raid alarm, which lasted from 9.30 a.m. to 2.30 p.m. during the Japanese air attack in Szechwan.

Mr. Tan Kah-kee, leader of overseas Chinese and chairman of the China Relief Fund Association, declared in a statement his determined support of

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the Chinese Government at Chungking and "insistence on a policy of national unification and fighting the Japanese invaders to the end."

⁂

May 21

Chinese military dispatch claimed that Chinese forces had recaptured Waichow, important city in eastern Kwangtung. The Japanese, however, claimed to have withdrawn from the city after having attained their objectives.

The **Ta Kung Pao** urged the Communist Eighth Route Army immediately to rush to the rescue of the Central troops facing encirclement in the Chungtiao mountains "in order to remove ugly rumors that the Communist army is cooperating with the Japanese and Wang Ching-wei and attacking Central Government forces." The paper outspokenly blamed the recent setbacks suffered by the Chinese in south Shansi on lack of cooperation on the part of the Communists.

Rome official circles refused to attach importance to a Tokyo report claiming impending resognition of the Wang Ching-wei regime by Italy and Germany, **Domei** said.

Japanese planes winging over the Szechwan-Hupeh border bombed Wushan and Lianshan. Lishui in south Chekiang and Chengchow on the south bank of Yellow River in Honan were also raided by the Japanese bombers.

Admiral Thomas C. Hart, Commander-in-Chief of the United States Asiatic Fleet, will remain in command beyond his scheduled retirement in September, Col. Frank Knox, Secretary of the Navy, announced.

⁂

May 22

The Japanese were believed to have abandoned the program of crossing the Yellow River because of reported attacks by the Eighth Route Army on Japanese communications in Shansi, while they were simultaneously moving southward in order to assist the recently reinforced Central Army units in the Chungtiao mountains, according to **United Press** report from Loyang. The Chinese were reported to have cut the Peiping-Hankow railway in two places, the Tungpu railway—Shansi's main north-south line—in three places and the newly-built Chinpei line, running from Chincheng in southeast Shansi to the Tungpu railway near Taiku, at two places.

Following their recapture of Waichow in eastern Kwangtung, Chinese troops penetrated the Japanese defense line around Poklo, important city northwest of Waichow, and captured the city, Chinese field dispatches claimed. Chinese troops operating on the eastern Chekiang front also claimed to have reoccupied Yuyao, west of Ningpo.

Forty-six Japanese bombers operated widely over Shensi and Kansu provinces, attacked Lanchow and Paochi. One of the Japanese bombers attacking Lanchow was said to have been brought down by Chinese anti-aircraft batteries. Another 81 Japanese airplanes bombed Chengtu, provincial capital of Szechwan. About 400 bombs were dropped, causing several huge fires. Many houses were destroyed, and more than a hundred persons injured.

Mr. Clarence E. Gauss, new United States Ambassador to China, arrived in Chungking from Hongkong two hours ahead of schedule, being accompanied by Lieut.-Col. William Mayer, U. S. Military Attache, and Major James M. McHugh, U.S.M.C., Naval Attache.

⁂

May 23

Chow En-lai, chief Communist liaison officer in Chungking, denied allegations by the **Ta Kung Pao** that Communist troops had failed to aid the beleaguered Chinese forces in south Shansi, especially in the Chungtiao mountains. He stressed that the Chinese Communists had aided the central forces in south Shansi although suffering from lack of food and munitions, adding that "the 18th Group Army will never give up its responsibility and will fight hand-in-hand with the national forces, and the Communists never will reach a compromise with Wang Ching-wei, as suggested by the **Washington Star.**"

When questioned, Japanese Army spokesman in Shanghai continued to claim that during the bloody fighting between Japanese and Chinese forces in Shansi, the Chinese Communists, for the most part, remained aloof, but occasionally attacked Central Army units. The spokesman also made a blunt assertion that Japanese forces do not attack those who do not take a hostile attitude.

⁂

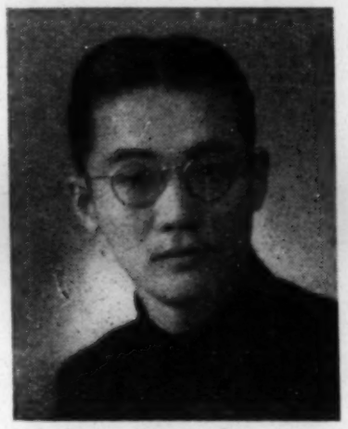
May 24

The situation in the battle of the Chungtiao mountains in south Shansi was clearing up following the arrival of large Chinese reinforcements which were reported to have launched large-scale attacks against the Japanese flanks and rear. The **Central News Agency** expressed optimism and predicted a Chinese victory in the near future. A Japanese military communique claimed that the Chinese losses in the south Shansi battle were "staggering."

Two flights of Japanese naval warplanes operating along the Yangtsze attacked Liukai, 60 kilometers southeast of Anking in Anhwei.

Who's Who in China

Edmund Y. Y. Young, economist and editor, born in Wusih, Kiangsu, 1909; graduated from National Tsing Hua University in 1930; research fellow, Research Commission of the Chinese Economic Society, 1931-32; Chief Editor, Statistics of Shanghai, 1933; Chief Secretary, Commission of Statistics, Hupeh Provincial Government, 1934; Associate Editor, Chinese Year Book, 1935-36; Director, Research Department of the Kwangtung Provincial Bank and concurrently professor of economics and public finance, National Sun-Yat-Sen University, 1937-40; Associate Director, Research Department, Farmers' Bank of China, and concurrently Vice-Chairman, Research Commission of Rural Economics, 1941; author of: "The Statistics of Shanghai" (1933), "The Chinese Year Book" (1935-1936), Annual Report of the Kwangtung Provincial Bank (1935 and 1936 issue);" address: Head Office, Farmers' Bank of China, Chungking.



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Men and Events

Victor Keen, correspondent for **New York Herald Tribune,** who has been in Singapore for several weeks, is now in Manila and is expected to return to Shanghai shortly.

•

George Cress, representative of Crysler Corporation, returned to Shanghai this week from a trip to North China and Dairen. Mr. Cress plans to return to the United States shortly.

•

A. T. Steele, correspondent for Chicago Daily News, returned to Shanghai last week from a trip to Netherlands East Indies, Singapore, Rangoon, Kunming and Chungking. The Sino-Foreign Group has announced a lecture by Mr. Steele for Wednesday, June 11, at the Shanghai Y. M. C. A. at 7:30 p.m. on the subject, "Tension Around the South China Sea."

•

Sir Hugh Walpole, one of the best known British writers, died in London on June 1 at the age of 57. His death was caused by a heart ailment. He was the author of numerous novels, among them being "Joseph Conrad," in 1916 and "Secret City," for which he received a prize in 1919. He also produced the plays, "The Cathedral," and "Young Hunters.

•

Some 400 Japanese emigrants to Brazil who were forced on May 26 to cancel their passages because of non-arrival of their visas will finally sail June 24, according to a **Domei** report from Tokyo June 2. The reason for the Brazilian government's action in holding up the visas was not given, but **Domei** reported that the Japanese Ambassador to Brazil, Itaro Ishii, called on the Brazilian President, Dr. Getulio Vargas, and requested that the visas be granted immediately.

•

The Vichy Government has sent a new official to Shanghai in the person of Georges Bonmarchand, who will serve as liason officer and interpreter in Franco-Japanese affairs. He will be attached to the French Consulate-General here. Mr. Bonmarchand previously occupied the position of first secretary at the French Embassy in Tokyo. Mr. Bonmarchand resided in Japan for 30-years and is said to speak the language fluently. He has received the Order of the Sacred Treasure, Fourth Class, from the Emperor of Japan.

•

The second sensational robbery of national treasure in Japan occurred at Nikko last week when robbers broke into the Tosho Palace Museum and stole a number of ancient treasures including three hand-wrought long swords belonging to feudal lords who lived three centuries ago. Other articles stolen included a dagger, a scroll and seven other articles kept in the Rimmoji Garden where the relics of Iemitsu Tokugawa were preserved. The Tokyo police, after making an investigation announced that the robbery had been committed by "someone who had a passion for antiques."

•

Prof. Kenzo Akiyama of Kokugakuin University, Tokyo, has announced the publication of a new History of Japan in the English language. He was assisted by Toshiro Shimanouchi, newspaperman, who made the translations. The history consists largely of a series of lectures which Professor Akiyama delivered to foreign residents of Tokyo between May, 1939 and March 1940. The book has been published by the Society of International Cultural Relations of Tokyo, which announced that German, Italian, French, Russian and Spanish translations would be issued later.

Chinese public organizations at Chungking raised $200,000 on Dragon Boat Festival Day, May 30, which was donated to various branches of the Chungking defense forces. The air force received $30,000, the wounded soldiers and officers $20,000, and gendarmes, air defense units and A.R.P. $150,000.

•

The China Foundation for the advancement of Education and Culture announced June 2 a grant of $140,000 to the National Yunnan University. The money will be used toward the expansion of the Engineering department, according to Kuomin report from Kunming June 2. The money will be appropriated from the American portion of the Boxer Indemnity.

•

Dr. David L. Crawford, President of the University of Hawaii, announced June 2 that Dr. Klaus Mehnert, Assistant professor of history, who is of German nationality, had resigned his position. Dr. Mehnert, according to the announcement, will come to China in order to edit "an academic journal." When Dr. Mehnert submitted his resignation he said that he feared complications between the U. S. and Germany would make his position at the University embrassing.

•

The German Economic Mission headed by Dr. Helmuth Wohlthat, which has been in Japan and Manchukuo for several weeks, departed Saturday, May 31 from Hsinking by plane for Tokyo. Prior to departure, Dr. Wohlthat signed an agreement with the Manchukuo Government for an extension for an unannounced period of the German-Manchukuo trade agreement, originally concluded September 14, 1938. The extension of the agreement was signed by Rokuzo Takebe, President of the General Affairs Board of the Manchukuo Government, and Wei Hung-chong, Minister of Foreign Affairs of Manchukuo.

All Chinese opium addicts who live outside the foreign settlements of Shanghai are now compelled to register according to a report in the **Sin Shun Pao**, Japanese-edited daily in Hongkew. The report said that between 3,000 and 4,000 smokers had registered voluntarily and had been granted permits. In the future, however, the opium smoking bureau will compel addicts to register or go to jail. The Japanese paper said that registration "was a step toward suppression."

•

The Chinese military mission returned to Chungking June 1 following a three month tour of Burma, India, and Malaya. A spokesmen of the Mission stated that the group had covered about 2,000,000 square miles of Empire territory while on the trip. The purpose of the Mission was to visit British and native officials and inspect military establishments. In Burma the group made a tour of the defense outposts, while in India they inspected the famous northwestern frontier at Khyber Pass. While in Singapore they inspected Australian and Indian military units which had recently arrived in Malaya for defense purposes.

•

The Shanghai-Nanking Railroad was again cut by Chinese guerillas Saturday, May 31, when a train was blown up and the locomotive and a third class coach completely wrecked. According to travelers from Nanking the railroad was blocked for 15 hours while repairs were being made. The incident took place two miles east of Weiting, a village east of Soochow. The guerillas apparently had placed the mine in position despite four strands of live wire which the Japanese had strung along the right of way. According to a report in the local Chinese papers, guerilla activity in the Soochow area is increasing despite defense measures of the Japanese Army.

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The Sino-Burmese Cultural Association at Chungking has announced the organization of a good-will mission to Burma. The mission will be composed of eight persons, representing financial, economic, cultural, and civic organization. It will return a visit to West China by a Burmese good-will mission consisting of eight Burmese leaders who visited Chungking and Chengtu last year.

•

The Anti-War Congress, whose members oppose American participation in any foreign wars, met in Washington, D. C. on June 2 and adopted resolutions urging the U. S. Government "to keep its pledge of granting independence to the Philippines in 1946," and also to renounce extraterritorial and other special privileges in China. Another resolution favored repeal of the Exclusion Act and the placing of Oriental immigration on a quota basis. A further resolution favored withdrawal of American naval and military forces from the Far East and opposed "Anglo-American domination of the world."

•

A large number of industrial leaders and local officials of Fukien province met at the temporary provincial capital at Yungan June 3 and organized a Fukien provincial development corporation which will undertake various engineering and mining enterprises. The corporation will be capitalized at $35,000,000. General Chen Yi, Chairman of the Fukien provincial government, attended the meeting. The Kweichow provincial development corporation celebrated its second anniversary June 3 by increasing its capital from $3,000,000 to $13,000,000. The corporation also undertakes mining, agricultural, industrial, and commercial enterprises.

•

John Jouett, President of the Aeronautical Chamber of Commerce of the U. S., declared in an address at the annual convention of the National Aeronautical Association at Louisville, Kentucky June 2 that 500 heavy bombers could be used in creating an air highway across the Atlantic which would solve the convoy problem. He said that bombers operating on hourly schedules could carry enough bombs to sink large ships. The would patrol a zig-zag course and would have a fair chance of spotting surface or sub-surface raiders. Mr. Jouett is well-known in China where he organized China's first aviation school at Hangchow several years ago.

•

Miss Ai-li Sung, a graduate of St. Mary's Hall, Shanghai, was recently elected to the Phi Beta Kappa society at Wellesley College of Massachussetts. Miss Sung is the daughter of Mr. and Mrs. Z. Y. Sung of Shanghai. Mr. Sung is an engineer connected with the firm of Inniss and Riddle, Shanghai. Miss Sung went to the U. S. in 1937 on a scholarship at Colby College in New Hampshire. She later transferred to Wellesley where she specialized in sociology. She is now taking graduate work at Radcliff College at Cambridge, Massachussetts and plans to remain in the U. S. for the next two years.

•

The American Friends Service Committee, a Quaker organization in the U. S., announced May 30 that a combined Anglo-American and Canadian Ambulance Corps would be sent to China immediately. The corps will consist of 50 men, 10 ambulances, mobile operating units, sterilizing, and power plants and X-rays. The head of the corps will be Dr. Robert B. McClure, a Canadian surgeon, who previously served for 10 years as a missionary doctor in China. British members of the Corps have already departed for Rangoon, while the Canadian and American members will leave the U. S. about June 15. The unit will operate along the Burma Road, caring for civilians wounded in Japanese air raids.

O. K. Yui, former Mayer of Shanghai and member of the Board of Central Trust Company, has been appointed Political Vice-Minister of Finance in succession to Hsu Kan, who has been appointed Food Minister.

•

The National Government at Chungking has appropriated $100,000 for the establishment of a middle school in Kwangsi Province in memory of the late Dr. Ma Chun-wu, former President of Kwangsi University who died last year.

•

O. G. Steen, Vice-President of the American President Lines, who has been in the United States on business for several weeks, was a passenger on the President Coolidge, which docked at Shanghai on Wednesday of this week. Mr. Steen remained aboard the ship and continued to Manila, prior to returning to his duties here.

•

The American Women's Club of Shanghai was represented at the recent convention of Federated Women's Clubs of the United States by Mrs. Philip H. Dunbar, past president of the local club, and Mrs. Carleton Lacy, former president of the Shanghai Chapter of the American Association of University Women and of the Joint Committee of Women's Organizations of Shanghai.

•

Creighton Lacy, son of Bishop Carleton Lacy, who was graduated from the Shanghai American School in 1936, has received special honors at Swarthmore College, according to letters received in Shanghai this week. He was elected a member of Phi Beta Kappa and was graduated from Swarthmore with highest honors on May 31. While in school here, Creighton Lacy edited the school paper and was active in school affairs.

•

Gen. Chiang Kai-shek on June 3 issued a manifesto appealing to officials and people "to stamp out the remaining vestiges of the opium vice and to fight energetically against the Japanese policy of Conquering China by drugging the people." Gen. Chiang's manifesto was issued on the occasion of the Opium Suppression Campaign anniversary, in which connection he recalled that it was just 102 years ago that Viceroy Lin Tseh Hsu of Kwangtung Province, ordered the destruction of a stock of Indian opium, which action precipitated the Opium War.

•

General Chiang Kai-shek issued a circular appeal on June 2 urging all citizens of the country to participate in the National Thrift and Reconstruction Savings Movement. The appeal was also sent to Chinese residing abroad urging them to invest in National Savings Bonds. The funds raised will be used to develop national resources including mines, for the strengthening of national defense. General Chiang's message referred to similiar movements in other countries where private incomes of the people are frequently requisitioned to the extent of 50 or 60 per cent. He also referred to the rationing of food and clothing in other countries.

•

Twenty-one American ambulance drivers, who were aboard the Egyptian steamer ZamZam, which was shelled and captured by a German warship on April 17, have been detained by Nazi officials according to **United Press** report from San Sebastian, Spain on June 1. The Americans were members of an American ambulance unit which was being sent to the Free French forces in Africa. The U. S. Embassy at Madrid sent a representative to Biarritz to negotiate with the Germans for the release of the men, stated the report. Other Americans on board the vessel, numbering 119, mostly missionaries, have been released and crossed into Spain on Sunday.

Conditions in Ningpo and other Chekiang ports which were seized by the Japanese are still "obscure" according to articles appearing in the **Chinese-American Daily News** and other Chinese papers during the week. Both Japanese and puppet organs have claimed that "conditions have returned to normal," but these statements are not borne out by facts. No direct passenger or shipping service has been resumed since the Japanese occupation of Ningpo, except Japanese transports carrying military supplies southward and returning with wounded and sick soldiers. No passengers are allowed on these boats, excepting a few who have been granted special permits to land at Sanpeh or Antung, whence they may proceed to Ningpo by a circuitous route. One Chinese paper reported that an epidemic of "black plague" had broken out at Ningpo.

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Dr. Hu Shih, Chinese Ambassador to the U. S., was given the honorary degree of Doctor of Letters at McGill University at Montreal, Canada, May 30.

•

Koichiro Yamagishi, director of the Cultural Information Bureau and the Metropolitan Press Association of Tokyo, arrived in Shanghai and is living at the Astor House Hotel.

•

Lieut.-Commander Walter R. Jones, Assistant U. S. Naval Attache in London, committed suicide on June 3. He was formerly an aide at the White House. No reason for his suicide was given in the report.

•

J. V. Crowe, general manager in the Far East for Ford Motor Company, Exports, Inc., returned to Shanghai this week aboard the President Coolidge. Mr. Crowe went home several weeks ago because of illness, but has entirely recovered. J. M. Huppman, Assistant Manager, has been in charge of the local office during Mr. Crowe's absence.

•

Yunnan Provincial Government will shortly confer medals of honor on all engineers and leading workers who were connected with the building of the Burma Road, according to **Kuomin** report from Kunming, capital of Yunnan on May 25. The medals will be made of gold and bronze, stated the announcement.

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British Sink Bismarck To Avenge the Hood

Sinking of the 35,000-ton German battleship Bismarck ended the second major Anglo-German naval encounter of World War II and revenged the earlier loss of the British Navy flagship, Hood.

The 1939-commissioned Bismarck, mounting eight powerful 15-inch guns, was battered into a sinking condition by numerically superior British naval units on May 27 following a 2,000 mile, 70-hour chase across the North Atlantic. The Bismarck, first sighted off Bergen, Norway by R.A.F. planes and later spotted in Greenland waters by the Royal Navy, was attacked on May 24 by the British battleships Hood and King George V. In this initial encounter the Bismarck, accompanied by the cruiser, Prinz Eugen, outmaneuvered and outfought the British warships, sank the Hood in five minutes with 93 shots and crippled the King George V.

Following this action, the Bismarck attempted to evade an estimated 100 units of the British fleet which concentrated on avenging their flagship's loss.

Suffers Torpedo Hits

Although slightly damaged in the first exchange of shells, the Bismarck could probably have reached safety in Brest had it not suffered torpedo hits from naval airplanes. One such hit loosened plates in the German dreadnought's steel hull on May 24 and the second of two hits made in the evening of May 26 tore away the Bismarck's rudder and twin propellers, putting the ship out of control.

Heavy British warships, said in Transocean reports to number 16 and to include the Rodney and Nelson, closed with the Bismarck, and sank her 400 miles from Brest with the loss of all but 100 of her 3,000 officers and men. Admiral Luetjens, commander of the squadron of which the Bismarck was flagship, went down with his ship.

Magnitude of the hunt is evident from the fact that it extended from Greenland to Gibraltar and was carried on by six British battleships, two aircraft carriers and four cruisers, not to mention the fleet air arm and destroyer flotillas.

The Bismarck's loss leaves the German Navy with three capital ships: the 35,000-ton Von Tirpitz, the 26,000-ton Scharnhorst, and the 26,000-ton Gneisenau. Commerce raiding will be continued with these vessels, a German spokesman revealed.

The German naval squadron, under the command of Admiral Luetjens, operated in the Atlantic and destroyed 22 armed merchant vessels with a total tonnage of 116,000 tons. Included in this loss was the British auxiliary cruiser, Jervis Bay.

Roosevelt's Headache?

Central China Daily News, organ of Japanese-protected government at Nanking, depicts Roosevelt suffering from headache caused by Hitler's mighty blows on the British battleship Hood. The puppet organ published no cartoon on the sinking of the Bismarck.

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New Books of Interest in the Far East

Industrialization in China

INDUSTRIAL CAPITAL AND CHINESE PEASANTS—By Chen Han-seng, Kelly and Walsh, Limited, Shanghai, 1939.

This is another study of the livelihood of Chinese farmers by the well-known economist, Chen Han-sen. It is issued under the auspices of the China Institute of Pacific Relations and the Sun Yat-sen Institute for the Advancement of Culture and Education, and forms one of a series of studies on standards of living initiated in 1933 by the International Research Committee of the Institute of Pacific Relations. The book does not aim to reveal the low standard of living of the Chinese people, already well-known, but to ascertain the trend of this standard. The author and his assistants try to find out "whether or not modern industrialization under semi-colonial circumstances, even before the present Japanese invasion, operates favorably on the livelihood of its (China's) peasantry." In other words, this is not only a study of the standard of living of the Chinese farmers, but how the standard is affected by China's industrialization.

In trying to answer this question, the author chooses to study the conditions in the tobacco regions where American seed tobacco has been introduced. These regions are chosen because "the cultivation of this new crop, which is highly commercialized and completely subject to the influence of modern industrial capital, is concentrated in certain definite areas, and yet it covers such a large territory and affects such a large population that an analysis of its relation to the peasantry deserves a thorough investigation." The study covers a period of one year, from 1934 to 1935, and 127 villages in three provinces, representing all the American seed tobacco regions in China, were investigated.

Mr. Chen starts by relating in detail how American seed tobacco was introduced into China. He then proceeds to tell how compradores and the gentry acted as promoters of tobacco farming. While China's indigenous industrialist class is not highly developed, the old ruling group remain extremely influential. These compradores and the gentry become promoters and indeed in most cases financiers of tobacco cultivation. The specific "negotiating" methods by which the representatives of foreign interests dealt with members of the Chinese authorities and middle class in connection with tobacco cultivation are well depicted by Mr. Chen. The results of these negotiations are always "profitable compromises" to everybody except the farmer.

The complicated system of collection of tobacco leaf, the detailed conditions of the Chinese cigarette industry, problems of tobacco farmers and marketing, earnings of the tobacco farmers, interest rates and increase of rents in the tobacco regions are all described in a most scholarly manner by the author. Regarding the Chinese cigarette industry, it is interesting to note that during the four years, from 1932 to 1935, while the total number of cigarettes marketed in China was 257,741,936,000, no more than 100,492,604,000 were of Chinese manufacture. Foreign cigarettes, from foreign factories in China as well as imported from abroad, account for 61 per cent of the Chinese market. The Chinese percentage has further declined since the outbreak of hostilities in 1937, following the opening of many Japanese cigarette factories in Shanghai, of which many were seized from the Chinese.

Mr. Chen comes to the conclusion that "industrialization and the consequent development of industrial crops in a semi-colonial and semi-feudalistic China have tended to lower the standard of living in general, particularly that of the middle and the poor peasants.... Only in an independent and democratic China can industrialization bring its desired social benefits and raise the the standard of living of nearly one-quarter of the human race." This conclusion is particularly important, because in the postwar period foreign capital will have to be utilized on a large-scale to develop China economically.

The book has 38 tables, giving details of the findings of the investigation in figures. The investigation as well as the report which forms this book are done in a scholarly manner and will prove valuable to students of economics and sociology who seek to learn the effects of industrialization on China's farmers and what this trend may lead to if the government fails to adopt a constructive and farsighted policy.

F.F.C.

Japan in China

JAPAN AND THE THIRD POWERS—By Shuhsi Hsu, Ph.D. Published By Kelly & Walsh, Ltd., Shanghai.

This is not a newsy book for those who live in the Far East. The author has collected a wealth of data relative to Japan's interference with third-party interests in the course of her armed conflict with China. He draws upon nswspaper reports, official statements and eye-witness accounts in order to substantiate his opinions and emphasize the true nature of facts mentioned. The result is overwhelming. Though few of the incidents quoted prove new to the resident of this part of the world, arranged systematically they all, and each of them separately, seem to receive a new meaning, and the work itself, in spite of being primarily compilative in character, is a valuable contribution to the library of books on the Far East.

Prepared under the auspices of the Council of International Affairs in Chungking, this book was certainly intended for attention of readers across the Pacific Ocean, and in the opinion of the reviewer it will just hit the point, for no vehement propaganda is as expressive as the language of facts truthfully interpreted and cleverly arranged.

The author, formerly professor of Political Science and Dean of the College of Public Affairs of the Yenching University, is well known to students of Far Eastern problems. His first work, entitled "China and Her Political Entity," was published in 1925, and since then he has written extensively on problems arising out of the Sino-Japanese conflict, his best-known works being "Japan and Shanghai" (1938), "A Digest of Japanese War Conduct" (1939), and "Whither Japan?" (1940).

The scope of the volume is very wide, as will be seen from the titles of the chapters:

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13. Destroying Kweilin.

A.G.

Rockefeller Foundation

A review of last year's activities of the Rockefeller Foundation, published in booklet form, has just arrived in Shanghai. Of local interest is the report on the activities of the Foundation in China, from which it appears that a sum of US$35,000 was allocated for the work of rural reconstruction in this country.

Fellowships, which are of an international character, fell off by 31 percent in 1940 largely due to war in Europe. The decline in European fellowships accounted for 68 percent of this decline. Chinese, however, received seven fellowships for study abroad.

The vast scope of the Foundation's work is indicated by the summary of its appropriations account. The total amount available for distribution was US$11,362,845. Of this sum only US$1,355,491 remained unused and was carried forward to 1941.

Camouflage of Japanese Cities Being Planned

In preparation for a war which may bring actual fighting—or at least aerial attack—to her own home territory, Japan this week was giving consideration to plans for camouflaging her principal cities and industrial centers. A commission in engaged in a preparatory survey, according to **Domei**, and its labors are expected to be completed by the end of this month. Pamphlets on camouflage will then be prepared, and district and prefectural administrations will be directed to carry out the instructions they contain, the report said.

Another indication that Japan considers herself open to aerial attack in the event of war with any major power, was seen in a **Havas** report from Tokyo on May 30, which stated that residents of Kobe are having their blood "typed" —presumably with a view to wholesale blood transfusions—in preparation for an "emergency." Each resident is to have his blood typed and indexed at the Kobe Municipal Office.

S.M.C. 1941 Loan is Heavily Over-Subscribed

Within a brief time of the opening of the lists, the Municipal Loan for 1941, issued by the Shanghai Municipal Council, was heavily over-subscribed on May 28. Applications amounted to $15,014,200, it was announced, whereas the amount available for allotment was only $6,500,000. Distribution was to be made on a pro-rata basis of approximately 43 percent.

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